

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

HOUSE BILL 3942

By: Kane

AS INTRODUCED

An Act relating to public finance; amending 62 O.S. 2021, Sections 7004, as amended by Section 2, Chapter 125, O.S.L. 2023 and 7005, as amended by Section 3, Chapter 125, O.S.L. 2023 (62 O.S. Supp. 2025, Sections 7004 and 7005), which relate to the Incentive Evaluation Commission; modifying provisions related to communications about incentives; requiring presentation of findings; modifying provisions related to comparison of certain results; providing an effective date; and declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 62 O.S. 2021, Section 7004, as amended by Section 2, Chapter 125, O.S.L. 2023 (62 O.S. Supp. 2025, Section 7004), is amended to read as follows:

Section 7004. A. For calendar years 2024 through 2027 and every four (4) years thereafter, the Incentive Evaluation Commission shall ensure that each incentive is evaluated within the four-year evaluation period unless the Commission determines that the incentive is exempt from evaluation. The Commission may exempt from evaluation any incentive that it concludes has a minimal fiscal

1 impact. The Commission shall determine a specific threshold amount
2 which shall be considered as a minimal fiscal impact for the current
3 evaluation cycle. The Commission may also conduct an expedited
4 evaluation for any incentive that has been evaluated at least two
5 times from calendar years 2016 through 2023 and has not had a
6 material change to the program since its prior evaluation. The
7 expedited evaluation will update the prior evaluation's financial
8 and economic impact and findings and recommendations. No recipient
9 or potential recipient of an incentive or representative of a
10 recipient or potential recipient shall contact the entity or
11 individual with whom the Commission contracts pursuant to this
12 subsection unless the entity or individual specifically requests
13 information or documentation for purposes of the incentive
14 evaluation process; provided, this shall not be construed to prevent
15 participation in a public hearing conducted pursuant to subsection B
16 of this section.

17 B. 1. For calendar years 2016 through 2023, the Incentive
18 Evaluation Commission shall develop a four-year schedule for
19 evaluating incentives. The development of the schedule for
20 evaluating the incentives shall take into consideration fiscal
21 impacts to revenues of this state, including but not limited to the
22 General Revenue Fund, the opportunity to group incentives with
23 similar goals and objectives for evaluation, and the ability to
24 obtain sufficient data related to the incentives for evaluation.

1 Each schedule shall include a list of all incentives in the state,
2 including any it exempts from evaluation. In determining whether a
3 program is an incentive, the Incentive Evaluation Commission may
4 consider legislative intent and may also consider whether the
5 program is promoted as an incentive by any state agency. For each
6 incentive listed in the schedule, the Commission shall attempt to
7 identify the goal or goals of the incentive.

8 2. Upon completion of the report and recommendations, the
9 Commission and contractor shall present the findings and
10 recommendations to the Legislative Office of Fiscal Transparency.

11 C. Upon approval of the schedule, the Commission shall provide
12 the schedule to the Governor, President Pro Tempore of the Senate,
13 and Speaker of the House of Representatives.

14 SECTION 2. AMENDATORY 62 O.S. 2021, Section 7005, as
15 amended by Section 3, Chapter 125, O.S.L. 2023 (62 O.S. Supp. 2025,
16 Section 7005), is amended to read as follows:

17 Section 7005. A. The Commission may contract with a private
18 company, nonprofit, or academic institution to assist with
19 evaluation of each incentive. The Commission shall develop a scope
20 of services for a request for proposals issued pursuant to the
21 Oklahoma Central Purchasing Act, Section 85.1 et seq. of Title 74 of
22 the Oklahoma Statutes, for professional services necessary to
23 complete incentive evaluations pursuant to the Incentive Evaluation
24 Act. The scope of services shall include a provision requiring the

1 contractor to provide at least one draft report for each incentive
2 prior to the issuance of the final report; provided, the contractor
3 may determine the timing and frequency of draft reports based on the
4 availability of information and the potential for draft reports to
5 assist the Commission in making a final recommendation. The cost of
6 such contract shall be paid by the Office of Management and
7 Enterprise Services. No recipient or potential recipient of an
8 incentive or representative of a recipient or potential recipient
9 shall contact the entity or individual with whom the Commission
10 contracts pursuant to this subsection unless the entity or
11 individual specifically requests information or documentation for
12 purposes of the incentive evaluation process; provided, this shall
13 not be construed to prevent participation in a public hearing
14 conducted pursuant to subsection B of this section.

15 B. By October 1 of each year beginning in calendar year 2023,
16 the Commission or the Commission's chosen contractor shall evaluate
17 each incentive scheduled for review that year. The Commission or
18 the Commission's chosen contractor shall conduct each incentive
19 evaluation in consultation with the Oklahoma Department of Commerce
20 division of Research and Economic Analysis Services using criteria
21 developed pursuant to subsection D of this section. Between October
22 1 and November 30 of each year beginning in 2017, the Commission
23 shall hold at least one public meeting to review, allow for public
24 comment, and vote to approve, disapprove, or modify each incentive

1 evaluation conducted that year. By December 15 of each year
2 beginning in 2016, the Commission shall provide the results of each
3 incentive evaluation, a review of prior Commission recommendations,
4 and changes to statute or incentive administration related to
5 incentive evaluation recommendations in a written report to the
6 Governor, President Pro Tempore of the Senate, and Speaker of the
7 House of Representatives. If the Commission votes to modify an
8 incentive evaluation as provided in this subsection, such
9 modification and the original evaluation shall be documented in the
10 annual written report. The report shall be made publicly available
11 on the Oklahoma Department of Commerce website, the Commission
12 website, and documents.ok.gov.

13 C. Each evaluation shall include the following:

14 1. An estimate of the economic and fiscal impact of the
15 incentive. This estimate shall take into account the following
16 considerations in addition to other relevant factors:

- 17 a. the extent to which the incentive changes business
18 behavior,
- 19 b. the results of the incentive for the economy of
20 Oklahoma as a whole. This consideration includes both
21 positive direct and indirect impacts and any negative
22 effects on other Oklahoma businesses, and
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1 c. a comparison to the results of other incentives or
2 other economic development strategies with similar
3 goals, both within the state and from other states;

4 2. An assessment of whether adequate protections are in place
5 to ensure the fiscal impact of the incentive does not increase
6 substantially beyond the state's expectations in future years;

7 3. An assessment of whether the incentive is being administered
8 effectively;

9 4. An assessment of whether the incentive is achieving its
10 goals;

11 5. Recommendations for how the state can most effectively
12 achieve the incentive's goals, including recommendations on whether
13 the incentive should be retained, reconfigured, or repealed; ~~and~~

14 6. Recommendations for any changes to state policy, rules, or
15 statutes that would allow the incentive to be more easily or
16 conclusively evaluated in the future. These recommendations may
17 include changes to collection, reporting, and sharing of data, and
18 revisions or clarifications to the goal of the incentive;

19 7. An assessment of whether the incentive furthers a strategic
20 economic goal or industry of the state; and

21 8. An assessment of whether the incentive creates a competitive
22 advantage for the state by evaluating the overall effectiveness of
23 the incentive within the entire economic ecosystem of the state.

1 D. Evaluation criteria shall be developed for each incentive
2 evaluated by the Commission. Each incentive shall be evaluated
3 using criteria specific to the individual incentive. The criteria
4 shall be developed by the Commission through the administrative
5 rulemaking process pursuant to the Administrative Procedures Act,
6 Section 250 et seq. of Title 75 of the Oklahoma Statutes, and
7 codified in the administrative code of the Oklahoma Department of
8 Commerce.

9 E. At the request of the Incentive Evaluation Commission,
10 unless prohibited by the Oklahoma Constitution, Oklahoma Statutes,
11 or federal law, state agencies shall provide any records,
12 information, data, or data analysis necessary for the Commission or
13 contractors to effectively evaluate incentives. The Commission and
14 contractors shall not disclose or release any data received from
15 other state agencies, except as permitted under law.

16 SECTION 3. This act shall become effective July 1, 2026.

17 SECTION 4. It being immediately necessary for the preservation
18 of the public peace, health or safety, an emergency is hereby
19 declared to exist, by reason whereof this act shall take effect and
20 be in full force from and after its passage and approval.

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