

1 **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2 STATE OF OKLAHOMA

3 1st Session of the 60th Legislature (2025)

4 COMMITTEE SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 2402

By: Fetgatter of the House

and

Murdock of the Senate

7
8
9
10 COMMITTEE SUBSTITUTE

11 [revenue and taxation - Oklahoma Advanced
12 Manufacturing Incentive Act of 2025 - establishing
13 time period - eligibility requirements -
14 collaboration - effective date -
15 emergency]

16
17
18
19 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

20 SECTION 1. NEW LAW A new section of law not to be
21 codified in the Oklahoma Statutes reads as follows:

22 This act shall be known and may be cited as the "Oklahoma
23 Advanced Manufacturing Incentive Act of 2025".
24

1 SECTION 2. NEW LAW A new section of law not to be
2 codified in the Oklahoma Statutes reads as follows:

3 The Oklahoma Advanced Manufacturing Incentive Act of 2025 shall
4 establish a tax incentive and direct grant program to attract
5 manufacturers of low-grade waste heat electrification technology to
6 Oklahoma. This program is intended to encourage investment, job
7 creation, and energy sector expansion.

8 SECTION 3. NEW LAW A new section of law to be codified
9 in the Oklahoma Statutes as Section 4520 of Title 68, unless there
10 is created a duplication in numbering, reads as follows:

11 A. Eligible manufacturers, as defined by subsection D of this
12 section, entering the low-grade waste heat electrification
13 technology market shall qualify for Oklahoma state corporate income
14 tax abatements. The tax abatements shall be tiered as follows:

15 1. Tier 1: Manufacturers who invest Ten Million Dollars
16 (\$10,000,000.00) or more and the creation of at least fifty jobs in
17 Oklahoma shall receive up to thirty percent (30%) abatement on
18 corporate income taxes for five (5) years; and

19 2. Tier 2: Manufacturers who invest Twenty Million Dollars
20 (\$20,000,000.00) or more and the creation of at least one hundred
21 jobs in Oklahoma shall receive up to fifty percent (50%) abatement
22 on corporate income taxes for five (5) years.

23
24

1 Both Tier 1 and Tier 2 abatements shall be renewable for an
2 additional five-year period, contingent upon compliance and
3 continued investment.

4 B. The Oklahoma Department of Commerce is authorized to
5 administer a direct grant program which shall be capped at Twenty
6 Million Dollars (\$20,000,000.00) over five (5) years. The grants
7 shall be prioritized as follows:

8 1. Manufacturing facilities located in areas qualifying for the
9 federal New Markets Tax Credit or within existing manufacturing hubs
10 as defined by the United States Department of Commerce; and

11 2. Projects with substantial contributions to Oklahoma's energy
12 sector and the state's economy.

13 C. The total amount of incentives provided under this act in
14 any fiscal year shall not exceed Eight Million Dollars
15 (\$8,000,000.00). Any unused funds in any fiscal year shall roll
16 over to subsequent years within the program's five-year term.

17 D. To qualify for incentives under this act, manufacturers
18 shall meet the following criteria:

19 1. Establish new manufacturing operations in Oklahoma for the
20 production of low-grade waste heat electrification technology,
21 defined as technology recovering waste heat below two hundred (200)
22 degrees Celsius or four hundred (400) degrees Fahrenheit and
23 incorporating advanced heat exchangers (HXs) for OEM applications;
24 and

1 2. Submit an eligibility application to the Oklahoma Department
2 of Commerce, including:

- 3 a. business and operational plans, and
- 4 b. investment and job creation commitments.

5 E. The recipients of any incentive provided under this act
6 shall file an annual report with the Oklahoma Department of Commerce
7 detailing the total dollar amount of investments made, number of
8 jobs created and retained, and progress and contributions to the
9 state's energy and economic development goals. The Oklahoma
10 Department of Commerce shall compile an annual program performance
11 report for submission to the Governor and the Legislature.

12 F. The Oklahoma Department of Commerce shall collaborate with
13 state educational institutions and workforce development agencies to
14 develop training programs tailored to low-grade waste heat
15 electrification technology manufacturing and ensure a skilled labor
16 pool is available to support the sector's growth.

17 G. The Oklahoma Department of Commerce shall promulgate
18 administrative rules within ninety (90) days of this act's effective
19 date to ensure transparent and efficient implementation.

20 H. This act shall cease to have the force and effect of law on
21 July 1, 2030.

22 SECTION 4. This act shall become effective July 1, 2025.

23 SECTION 5. It being immediately necessary for the preservation
24 of the public peace, health or safety, an emergency is hereby

1 declared to exist, by reason whereof this act shall take effect and
2 be in full force from and after its passage and approval.

3

4 COMMITTEE REPORT BY: COMMITTEE ON RULES, dated 02/25/2025 - DO PASS,
5 As Amended and Coauthored.

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24