

STATE OF OKLAHOMA

1st Session of the 60th Legislature (2025)

SENATE BILL 586

By: Hall

AS INTRODUCED

An Act relating to incentives; amending 68 O.S. 2021, Section 3603, which relates to the Oklahoma Quality Jobs Program Act; modifying definition to establish relationship between establishment and certain leased or contracted employee; and providing an effective date.

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

SECTION 1. AMENDATORY 68 O.S. 2021, Section 3603, is amended to read as follows:

Section 3603. A. As used in the Oklahoma Quality Jobs Program Act:

1. a. "Basic industry" means:

(1) those manufacturing activities defined or classified in the NAICS Manual under Industry Sector Nos. 31, 32 and 33, Industry Group No. 5111 or Industry No. 11331,

(2) those electric power generation, transmission and distribution activities defined or classified in

1 the NAICS Manual under U.S. Industry Nos. 221111
2 through 221122, if:

3 (a) an establishment engaged therein qualifies
4 as an exempt wholesale generator as defined
5 by 15 U.S.C., Section 79z-5a,

6 (b) the exempt wholesale generator facility
7 consumes from sources located within the
8 state at least ninety percent (90%) of the
9 total energy used to produce the electrical
10 output which qualifies for the specialized
11 treatment provided by the Energy Policy Act
12 of 1992, P.L. 102-486, 106 Stat. 2776, as
13 amended, and federal regulations adopted
14 pursuant thereto,

15 (c) the exempt wholesale generator facility
16 sells to purchasers located outside the
17 state for consumption in activities located
18 outside the state at least ninety percent
19 (90%) of the total electrical energy output
20 which qualifies for the specialized
21 treatment provided by the Energy Policy Act
22 of 1992, P.L. 102-486, 106 Stat. 2776, as
23 amended, and federal regulations adopted
24 pursuant thereto, and

1 (d) the facility is constructed on or after July
2 1, 1996,

3 (3) those administrative and facilities support
4 service activities defined or classified in the
5 NAICS Manual under Industry Group Nos. 5611 and
6 5612, Industry Nos. 51821, 519130, 52232 and
7 56142 or U.S. Industry Nos. 524291 and 551114,
8 those other support activities for air
9 transportation defined or classified in the NAICS
10 Manual under Industry Group No. 488190, and those
11 support, repair, and maintenance service
12 activities for the wind industry defined or
13 classified in the NAICS Manual under Industry
14 Group No. 811310,

15 (4) those professional, scientific and technical
16 service activities defined or classified in the
17 NAICS Manual under U.S. Industry Nos. 541710 and
18 541380,

19 (5) distribution centers for retail or wholesale
20 businesses defined or classified in the NAICS
21 Manual under Sector No. 42, if forty percent
22 (40%) or more of the inventory processed through
23 such warehouse is shipped out-of-state,

1 (6) those adjustment and collection service
2 activities defined or classified in the NAICS
3 Manual under U.S. Industry No. 561440, if
4 seventy-five percent (75%) of the loans to be
5 serviced were made by out-of-state debtors,

6 (7) (a) those air transportation activities defined
7 or classified in the NAICS Manual under
8 Industry Group No. 4811, if the following
9 facilities are located in this state:

10 (i) the corporate headquarters of an
11 establishment classified therein, and

12 (ii) a facility or facilities at which
13 reservations for transportation
14 provided by such an establishment are
15 processed, whether such services are
16 performed by employees of the
17 establishment, by employees of a
18 subsidiary of or other entity
19 affiliated with the establishment or by
20 employees of an entity with whom the
21 establishment has contracted for the
22 performance of such services; provided,
23 this provision shall not disqualify an
24 establishment which uses an out-of-

1 state entity or employees for some
2 reservations services, or

3 (b) those air transportation activities defined
4 or classified in the NAICS Manual under
5 Industry Group No. 4811, if an establishment
6 classified therein has or will have within
7 one (1) year sales of at least seventy-five
8 percent (75%) of its total sales, as
9 determined by the Incentive Approval
10 Committee pursuant to the provisions of
11 subsection B of this section, to out-of-
12 state customers or buyers, to in-state
13 customers or buyers if the product or
14 service is resold by the purchaser to an
15 out-of-state customer or buyer for ultimate
16 use, or to the federal government,

17 (8) flight training services activities defined or
18 classified in the NAICS Manual under U.S.
19 Industry Group No. 611512, which for purposes of
20 the Oklahoma Quality Jobs Program Act shall
21 include new direct jobs for which gross payroll
22 existed on or after January 1, 2003, as
23 identified in the NAICS Manual,

1 (9) the following, if an establishment classified
2 therein has or will have within one (1) year
3 sales of at least seventy-five percent (75%) of
4 its total sales, as determined by the Incentive
5 Approval Committee pursuant to the provisions of
6 subsection B of this section, to out-of-state
7 customers or buyers, to in-state customers or
8 buyers if the product or service is resold by the
9 purchaser to an out-of-state customer or buyer
10 for ultimate use, or to the federal government:

11 (a) those transportation and warehousing
12 activities defined or classified in the
13 NAICS Manual under Industry Subsector No.
14 493, if not otherwise listed in this
15 paragraph, Industry Subsector Nos. 482 and
16 484 and Industry Group Nos. 4884 through
17 4889,

18 (b) those passenger transportation activities
19 defined or classified in the NAICS Manual
20 under Industry Nos. 561510 and 561599,

21 (c) those freight or cargo transportation
22 activities defined or classified in the
23 NAICS Manual under Industry No. 541614,

- 1 (d) those insurance activities defined or
2 classified in the NAICS Manual under
3 Industry Group No. 5241,
4 (e) those services to dwellings and other
5 buildings, as defined or classified in the
6 NAICS Manual under Industry Group No. 5617,
7 excluding U.S. Industry Nos. 561730, 56171,
8 56172, 56174 and 56179,
9 (f) those equipment rental and leasing
10 activities defined or classified in the
11 NAICS Manual under Industry Group No. 5324,
12 (g) those information technology and other
13 computer-related service activities defined
14 or classified in the NAICS Manual under
15 Industry Group Nos. 5112, 5182, 5191 and
16 5415,
17 (h) those business support service activities
18 defined or classified in the NAICS Manual
19 under U.S. Industry Nos. 561410 through
20 561430, excluding 56143, and Industry No.
21 51911,
22 (i) those medical and diagnostic laboratory
23 activities defined or classified in the
24 NAICS Manual under Industry Group No. 6215,

- 1 (j) those professional, scientific and technical
2 service activities defined or classified in
3 the NAICS Manual under Industry Group Nos.
4 5412, 5414, 5415, 5416 and 5417, Industry
5 Nos. 54131, 54133, 54136 and 54137, and U.S.
6 Industry No. 541990, if not otherwise listed
7 in this paragraph,
- 8 (k) those communication service activities
9 defined or classified in the NAICS Manual
10 under Industry Nos. 51741 and 51791,
- 11 (l) those refuse systems activities defined or
12 classified in the NAICS Manual under
13 Industry Group No. 5622, provided that the
14 establishment is primarily engaged in the
15 capture and distribution of methane gas
16 produced within a landfill,
- 17 (m) general wholesale distribution of groceries,
18 defined or classified in the NAICS Manual
19 under Industry Group Nos. 4244 and 4245,
- 20 (n) those activities relating to processing of
21 insurance claims, defined or classified in
22 the NAICS Manual under U.S. Industry Nos.
23 524210 and 524292; provided, activities
24 described in U.S. Industry Nos. 524210 and

1 524292 in the NAICS Manual other than
2 processing of insurance claims shall not be
3 included for purposes of this subdivision,

4 (o) those agricultural activities classified in
5 the NAICS Manual under U.S. Industry Nos.
6 112120 and 112310,

7 (p) those professional organization activities
8 classified in the NAICS Manual under U.S.
9 Industry No. 813920,

10 (q) alternative energy structure construction
11 classified in the NAICS Manual under U.S.
12 Industry No. 237130,

13 (r) solar reflective coating application
14 classified in the NAICS Manual under U.S.
15 Industry No. 238160,

16 (s) solar heating equipment installation
17 classified in the NAICS Manual under U.S.
18 Industry No. 238220,

19 (t) those wired telecommunications carriers
20 classified in the NAICS Manual under U.S.
21 Industry No. 517110, and

22 (u) those securities, commodity contracts and
23 investment activities classified in the
24

1 NAICS Manual under Industry Subsector No.
2 523,

3 (10) those activities related to extraction or
4 pipeline transportation of petroleum, natural gas
5 or refined petroleum products, defined or
6 classified in the NAICS Manual under Industry
7 Group No. 2111, 213111, 213112 or 486, subject to
8 the limitations provided in paragraph 3 of this
9 subsection and paragraph 3 of subsection B of
10 this section,

11 (11) those activities performed by the federal
12 civilian workforce at a facility of the Federal
13 Aviation Administration located in this state if
14 the Director of the Oklahoma Department of
15 Commerce determines or is notified that the
16 federal government is soliciting proposals or
17 otherwise inviting states to compete for
18 additional federal civilian employment or
19 expansion of federal civilian employment at such
20 facilities,

21 (12) those activities defined or classified in the
22 NAICS Manual under U.S. Industry No. 711211 (2007
23 version),

1 (13) those real estate or brokerage activities
2 classified in the NAICS Manual under U.S.
3 Industry No. 53120 for which at least seventy-
4 five percent (75%) of the establishment's
5 revenues are attributed to out-of-state sales and
6 at least seventy-five percent (75%) of the real
7 estate transactions generating those revenues are
8 attributed to real property located outside the
9 State of Oklahoma, or

10 (14) those support activities for rail transportation
11 and those support activities for water
12 transportation defined or classified in the NAICS
13 Manual under U.S. Industry Nos. 4882 and 4883.

14 b. An establishment described in subparagraph a of this
15 paragraph shall not be considered to be engaged in a
16 basic industry unless it offers, or will offer within
17 one hundred eighty (180) days of employment, a basic
18 health benefits plan to the individuals it employs in
19 new direct jobs in this state which is determined by
20 the Oklahoma Department of Commerce to consist of the
21 following elements or elements substantially
22 equivalent thereto:

23 (1) not more than fifty percent (50%) of the premium
24 shall be paid by the employee,

- (2) coverage for basic hospital care,
- (3) coverage for physician care,
- (4) coverage for mental health care,
- (5) coverage for substance abuse treatment,
- (6) coverage for prescription drugs, and
- (7) coverage for prenatal care;

2. "Change-in-control event" means the transfer to one or more unrelated establishments or unrelated persons, of either:

- a. beneficial ownership of more than fifty percent (50%) in value and more than fifty percent (50%) in voting power of the outstanding equity securities of the transferred establishment, or
- b. more than fifty percent (50%) in value of the assets of an establishment.

A transferor shall be treated as related to a transferee if more than fifty percent (50%) of the voting interests of the transferor and transferee are owned, directly or indirectly, by the other or are owned, directly or indirectly, by the same person or persons, unless such transferred establishment has an outstanding class of equity securities registered under Sections 12(b) or 15(d) of the Securities Exchange Act of 1934, as amended, in which event the transferor and transferee will be treated as unrelated; provided, an establishment applying for the Oklahoma Quality Jobs Program Act as a result of a change-in-control event is required to apply within

1 one hundred eighty (180) days of the change-in-control event to
2 qualify for consideration. An establishment entering the Oklahoma
3 Quality Jobs Program Act as the result of a change-in-control event
4 shall be required to maintain a level of new direct jobs as agreed
5 to in its contract with the Oklahoma Department of Commerce and to
6 pay new direct jobs an average annualized wage which equals or
7 exceeds one hundred twenty-five percent (125%) of the average county
8 wage as that percentage is determined by the Oklahoma Department of
9 Commerce based upon the most recent U.S. Department of Commerce data
10 for the county in which the new jobs are located. For purposes of
11 this paragraph, healthcare premiums paid by the applicant for
12 individuals in new direct jobs shall not be included in the
13 annualized wage. Such establishment entering the Oklahoma Quality
14 Jobs Program Act as the result of a change-in-control event shall be
15 required to retain the contracted average annualized wage and
16 maintain the contracted maintenance level of new direct jobs numbers
17 as certified by the Tax Commission. If the required average
18 annualized wage or the required new direct jobs numbers do not equal
19 or exceed such contracted level during any quarter, the quarterly
20 incentive payments shall not be made and shall not be resumed until
21 such time as such requirements are met. An establishment described
22 in this paragraph shall be required to repay all incentive payments
23 received under the Oklahoma Quality Jobs Program Act if the
24 establishment is determined by the Tax Commission to no longer have

1 business operations in the state within three (3) years from the
2 beginning of the calendar quarter for which the first incentive
3 payment claim is filed;

4 3. "New direct job":

5 a. means full-time-equivalent employment in this state in
6 an establishment which has qualified to receive an
7 incentive payment pursuant to the provisions of the
8 Oklahoma Quality Jobs Program Act which employment did
9 not exist in this state prior to the date of approval
10 by the Department of the application of the
11 establishment pursuant to the provisions of Section
12 3604 of this title and with respect to an
13 establishment qualifying for incentive payments
14 pursuant to division (12) of subparagraph a of
15 paragraph 1 of this subsection shall not include
16 compensation paid to an employee or independent
17 contractor for an athletic contest conducted in the
18 state if the compensation is paid by an entity that
19 does not have its principal place of business in the
20 state or that does not own real or personal property
21 having a market value of at least One Million Dollars
22 (\$1,000,000.00) located in the state, and the
23 employees or independent contractors of such entity
24 are compensated to compete against the employees or

1 independent contractors of an establishment that
2 qualifies for incentive payments pursuant to division
3 (12) of subparagraph a of paragraph 1 of this
4 subsection and which is organized under Oklahoma law
5 or that is lawfully registered to do business in the
6 state and which does have its principal place of
7 business located in the state and owns real or
8 personal property having a market value of at least
9 One Million Dollars (\$1,000,000.00) located in the
10 state; provided, that if an application of an
11 establishment is approved by the Oklahoma Department
12 of Commerce after a change-in-control event and the
13 Director of the Oklahoma Department of Commerce
14 determines that the jobs located at such establishment
15 are likely to leave the state, "new direct job" shall
16 include employment that existed in this state prior to
17 the date of application which is retained in this
18 state by the new establishment following a change in
19 control event, if such job otherwise qualifies as a
20 new direct job, and

- 21 b. shall include full-time-equivalent employment in this
22 state of employees who are employed by an employment
23 agency or similar entity other than the establishment
24 which has qualified to receive an incentive payment

1 and who are leased or otherwise provided under
2 contract to the qualified establishment, if such job
3 did not exist in this state prior to the date of
4 approval by the Department of the application of the
5 establishment or the job otherwise qualifies as a new
6 direct job following a change-in-control event. The
7 leasing of employees by the establishment or employees
8 provided under contract with an establishment shall
9 constitute an employer-employee relationship between
10 those employees and the establishment. A job shall be
11 deemed to exist in this state prior to approval of an
12 application if the activities and functions for which
13 the particular job exists have been ongoing at any
14 time within six (6) months prior to such approval.
15 With respect to establishments defined in division
16 (10) of subparagraph a of paragraph 1 of this
17 subsection, new direct jobs shall be limited to those
18 jobs directly comprising the corporate headquarters of
19 or directly relating to manufacturing, maintenance,
20 administrative, financial, engineering, surveying,
21 geological or geophysical services performed by the
22 establishment. Under no circumstances shall
23 employment relating to field services be considered
24 new direct jobs;

1 4. "Estimated direct state benefits" means the tax revenues
2 projected by the Department to accrue to the state as a result of
3 new direct jobs;

4 5. "Estimated direct state costs" means the costs projected by
5 the Department to accrue to the state as a result of new direct
6 jobs. Such costs shall include, but not be limited to:

- 7 a. the costs of education of new state resident children,
- 8 b. the costs of public health, public safety and
9 transportation services to be provided to new state
10 residents,
- 11 c. the costs of other state services to be provided to
12 new state residents, and
- 13 d. the costs of other state services;

14 6. "Estimated net direct state benefits" means the estimated
15 direct state benefits less the estimated direct state costs;

16 7. "Net benefit rate" means the estimated net direct state
17 benefits computed as a percentage of gross payroll; provided:

- 18 a. except as otherwise provided in this paragraph, the
19 net benefit rate may be variable and shall not exceed
20 five percent (5%),
- 21 b. the net benefit rate shall not exceed six percent (6%)
22 in connection with an establishment which is owned and
23 operated by an entity which has been awarded a United
24 States Department of Defense contract for which:

- 1 (1) bids were solicited and accepted by the United
- 2 States Department of Defense from facilities
- 3 located outside this state,
- 4 (2) the term is or is renewable for not less than
- 5 twenty (20) years, and
- 6 (3) the average annual salary, excluding benefits
- 7 which are not subject to Oklahoma income taxes,
- 8 for new direct jobs created as a direct result of
- 9 the awarding of the contract is projected by the
- 10 Oklahoma Department of Commerce to equal or
- 11 exceed Forty Thousand Dollars (\$40,000.00) within
- 12 three (3) years of the date of the first
- 13 incentive payment,

14 c. except as otherwise provided in subparagraph d of this
15 paragraph, in no event shall incentive payments,
16 cumulatively, exceed the estimated net direct state
17 benefits,

18 d. the net benefit rate shall be five percent (5%) for an
19 establishment locating:

- 20 (1) in an opportunity zone located in a high-
- 21 employment county, as such terms are defined in
- 22 subsection G of Section 3604 of this title, or
- 23 (2) in a county in which:

1 (a) the per capita personal income, as
2 determined by the Department, is eighty-five
3 percent (85%) or less of the statewide
4 average per capita personal income,

5 (b) the population has decreased over the
6 previous ten (10) years, as determined by
7 the Oklahoma Department of Commerce based on
8 the most recent U.S. Department of Commerce
9 data, or

10 (c) the unemployment rate exceeds the lesser of
11 five percent (5%) or two percentage points
12 above the state average unemployment rate as
13 certified by the Oklahoma Employment
14 Security Commission,

15 e. the net benefit rate shall not exceed six percent (6%)
16 in connection with an establishment which:

17 (1) is, as of the date of application, receiving
18 incentive payments pursuant to the Oklahoma
19 Quality Jobs Program Act and has been receiving
20 such payments for at least one (1) year prior to
21 the date of application, and

22 (2) expands its operations in this state by creating
23 additional new direct jobs which pay average
24 annualized wages which equal or exceed one
25

1 hundred fifty percent (150%) of the average
2 annualized wages of new direct jobs on which
3 incentive payments were received during the
4 preceding calendar year,

5 f. with respect to an establishment defined or classified
6 in the NAICS Manual under U.S. Industry No. 711211
7 (2007 version) or any establishment defined or
8 classified in the NAICS Manual as a U.S. Industry
9 Number which is not included within the definition of
10 "basic industry" as such term is defined in this
11 section on April 17, 2008, the net benefit rate shall
12 not exceed the highest rate of income tax imposed upon
13 the Oklahoma taxable income of individuals pursuant to
14 subparagraph (g) or subparagraph (h), as applicable,
15 of paragraph 1 and paragraph 2 of subsection B of
16 Section 2355 of this title. Any change in such
17 highest rate of individual income tax imposed pursuant
18 to the provisions of Section 2355 of this title shall
19 be applicable to the computation of incentive payments
20 to an establishment as described by this subparagraph
21 and shall be effective for purposes of incentive
22 payments based on payroll paid by such establishment
23 on or after January 1 of any applicable year for which
24

1 the net benefit rate is modified as required by this
2 subparagraph, and

- 3 g. the net benefit rate shall not exceed six percent (6%)
4 in connection with an establishment which employs
5 United States military veterans in at least ten
6 percent (10%) of its gross payroll. The net benefit
7 rate for an establishment which employs United States
8 military veterans in at least ten percent (10%) of its
9 payroll shall not be lower than five percent (5%).

10 Incentive payments made pursuant to the provisions of this
11 subparagraph shall be based upon payroll associated with such new
12 direct jobs. For purposes of this subparagraph, the amount of
13 health insurance premiums or other benefits paid by the
14 establishment shall not be included for purposes of computation of
15 the average annualized wage;

16 8. "Gross payroll" means wages, as defined in Section 2385.1 of
17 this title for new direct jobs;

- 18 9. a. "Establishment" means any business or governmental
19 entity, no matter what legal form, including, but not
20 limited to, a sole proprietorship; partnership;
21 limited liability company; corporation or combination
22 of corporations which have a central parent
23 corporation which makes corporate management decisions
24 such as those involving consolidation, acquisition,

1 merger or expansion; federal agency; political
2 subdivision of the State of Oklahoma; or trust
3 authority; provided, distinct, identifiable subunits
4 of such entities may be determined to be an
5 establishment, for all purposes of the Oklahoma
6 Quality Jobs Program Act, by the Department subject to
7 the following conditions:

8 (1) within three (3) years of the first complete
9 calendar quarter following the start date, the
10 entity must have a minimum payroll of Two Million
11 Five Hundred Thousand Dollars (\$2,500,000.00) and
12 the subunit must also have or will have a minimum
13 payroll of Two Million Five Hundred Thousand
14 Dollars (\$2,500,000.00),

15 (2) the subunit is engaged in an activity or service
16 or produces a product which is demonstratively
17 independent and separate from the entity's other
18 activities, services or products and could be
19 conducted or produced in the absence of any other
20 activity, service or production of the entity,

21 (3) has an accounting system capable of tracking or
22 facilitating an audit of the subunit's payroll,
23 expenses, revenue and production. Limited
24 interunit overlap of administrative and
25

1 purchasing functions shall not disqualify a
2 subunit from consideration as an establishment by
3 the Department,

4 (4) the entity has not previously had a subunit
5 determined to be an establishment pursuant to
6 this section; provided, the restriction set forth
7 in this division shall not apply to subunits
8 which qualify pursuant to the provisions of
9 subparagraph b of paragraph 7 of this subsection,
10 and

11 (5) it is determined by the Department that the
12 entity will have a probable net gain in total
13 employment within the incentive period.

14 b. The Department may promulgate rules to further limit
15 the circumstances under which a subunit may be
16 considered an establishment. The Department shall
17 promulgate rules to determine whether a subunit of an
18 entity achieves a net gain in total employment. The
19 Department shall establish criteria for determining
20 the period of time within which such gain must be
21 demonstrated and a method for determining net gain in
22 total employment;

23 10. "NAICS Manual" means any manual, book or other publication
24 containing the North American Industry Classification System, United

1 States, 1997, promulgated by the Office of Management and Budget of
2 the United States of America, or the latest revised edition;

3 11. "Qualified federal contract" means a contract between an
4 agency or instrumentality of the United States government, including
5 but not limited to the Department of Defense or any branch of the
6 United States Armed Forces, but exclusive of any contract performed
7 for the Federal Emergency Management Agency as a direct result of a
8 natural disaster declared by the Governor or the President of the
9 United States with respect to damage to property located in Oklahoma
10 or loss of life or personal injury to persons in Oklahoma, and a
11 lawfully recognized business entity, whether or not the business
12 entity is organized under the laws of the State of Oklahoma or
13 whether or not the principal place of business of the business
14 entity is located within the State of Oklahoma, for the performance
15 of services, including but not limited to testing, research,
16 development, consulting or other services in a basic industry, if
17 the contract involves the performance of such services performed on
18 or after July 1, 2009, by the employees of the business entity
19 within the State of Oklahoma or if the contract involves the
20 performance of such services performed on or after July 1, 2009, by
21 employees of a lawfully recognized business entity that is a
22 subcontractor of the business entity with which the prime contract
23 has been formed. A qualified federal contract described in this
24 paragraph shall not qualify unless both the qualified federal

1 contractor and any subcontractors originally involved in the work or
2 added subsequently during the period of performance verify to the
3 qualified federal contractor verifier that it offers, or will offer
4 within one hundred eighty (180) days of employment of its respective
5 employees, a basic health benefits plan as described in subparagraph
6 b of paragraph 1 of this subsection to individuals who perform
7 qualified labor hours in this state;

8 12. "Qualified federal contractor verifier" means a nonprofit
9 entity organized under the laws of the State of Oklahoma, having an
10 affiliation with a comprehensive university which is part of The
11 Oklahoma State System of Higher Education, and having the following
12 characteristics:

- 13 a. established multiyear classified and unclassified
14 indefinite-delivery/indefinite-quantity federal
15 contract vehicles in excess of Fifty Million Dollars
16 (\$50,000,000.00),
- 17 b. current capability to sponsor and maintain personnel
18 security clearances and authorized by the federal
19 government to handle and perform classified work up to
20 the Top Secret Sensitive Compartmented Information
21 levels,
- 22 c. at least one on-site federally certified Sensitive
23 Compartmented Information Facility,

- 1 d. on-site secure mass data storage complex with the
2 capability of isolating, segregating and protecting
3 corporate proprietary and classified information,
4 e. trusted agent status by maintaining no ownership of,
5 vested interest in, nor royalty production from any
6 intellectual property,
7 f. at least one hundred thousand (100,000) square feet of
8 configurable laboratory and support space,
9 g. the direct access to restricted air space through a
10 formalized memorandum of agreement with the Department
11 of Defense,
12 h. at least five thousand (5,000) acres available for
13 outdoor testing and training facilities, and
14 i. the ability to house state-of-the-art surety
15 facilities, including chemical, biological,
16 radiological, explosives, electronics, and unmanned
17 systems laboratories and ranges;

18 13. "SIC Manual" means the 1987 revision to the Standard
19 Industrial Classification Manual, promulgated by the Office of
20 Management and Budget of the United States of America;

21 14. "Start date" means the date on which an establishment may
22 begin accruing benefits for the creation of new direct jobs, which
23 date shall be determined by the Department;

1 15. "Effective date" means the date of approval of a contract
2 under which incentive payments will be made pursuant to the Oklahoma
3 Quality Jobs Program Act, which shall be the date the signed and
4 accepted incentive contract is received by the Department; provided,
5 an approved project may have a start date which is different from
6 the effective date;

7 16. "Total qualified labor hours" means the reimbursed payment
8 amount for hours of work performed by the State of Oklahoma
9 workforce of a qualified federal contractor or the State of Oklahoma
10 workforce of a subcontractor of a qualified federal contractor and
11 which are required for the full performance of a qualified federal
12 contract;

13 17. "Qualified labor rate" means the fully reimbursed labor
14 rate paid through a qualified federal contract for qualified labor
15 hours to the qualified federal contractor or subcontractor;

16 18. "Qualified federal contractor" means a business entity:

- 17 a. maintaining a prime contract with the federal
18 government as defined in paragraph 11 of this
19 subsection,
20 b. providing notice of intent to apply to the Department
21 within one hundred eighty (180) days of July 1, 2010,
22 or one hundred eighty (180) days of the date of the
23 award of a qualified federal contract or award of a
24

1 new qualified subcontract under an existing qualified
2 federal contract, and

- 3 c. adding substantively to the contract by performing at
4 least eight percent (8%) of the total labor whether
5 qualified and nonqualified labor as determined by the
6 federal contractor verifier on a direct contract or
7 individual task order or delivery order on an
8 indefinite-delivery/indefinite-quantity or other
9 blanket contract vehicle.

10 Should a prime contractor provide notice to the Department of
11 its intent not to apply for incentive for a qualified federal
12 contract or fails to qualify under the criteria above,
13 subcontractors in order of tier ranking as determined by the federal
14 contract verifier may assume the role of the prime and apply to
15 become a qualified federal contractor provided the entity meets the
16 same criteria above with the exception that notice of intent to
17 apply with the Department must be provided within sixty (60) days of
18 the prime's disqualification or one hundred eighty (180) days of the
19 award of its subcontract, whichever is later; and

20 19. "Proxy establishment" means a public trust which:

- 21 a. is organized and existing under Section 176 of Title
22 60 of the Oklahoma Statutes for the benefit of a
23 geographic area which includes a city or county or
24 some combination thereof, and

1 b. benefits a geographic area where new direct jobs which
2 meet the requirements of the Oklahoma Quality Jobs
3 Program Act are created by an establishment, other
4 than the proxy establishment, which is a branch of the
5 Armed Forces of the United States.

6 A proxy establishment may be determined to be an establishment
7 for all purposes of the Oklahoma Quality Jobs Program Act by the
8 Department and incentive payments may be made to such proxy
9 establishment for new direct jobs otherwise qualified pursuant to
10 the Oklahoma Quality Jobs Program Act. The Department may
11 promulgate rules to further specify the circumstances under which a
12 proxy establishment may be considered an establishment for the
13 purposes of making application for incentive payments pursuant to
14 the Oklahoma Quality Jobs Program Act. Provided however, that with
15 respect to any data on qualifying direct new jobs from a branch of
16 the Armed Forces of the United States, such rules shall only require
17 a proxy establishment to provide such data as would otherwise be
18 publicly releasable by the branch of the Armed Forces of the United
19 States.

20 B. The Incentive Approval Committee is hereby created and shall
21 consist of the Director of the Office of Management and Enterprise
22 Services, the Director of the Department and one member of the
23 Oklahoma Tax Commission appointed by the Tax Commission, or a
24 designee from each agency approved by such member. It shall be the

1 duty of the Committee to determine the eligibility of all applicants
2 for the Oklahoma Quality Jobs Program Act, subject to the applicable
3 requirements.

4 C. For an establishment defined as a "basic industry" pursuant
5 to division (4) of subparagraph a of paragraph 1 of subsection A of
6 this section, the Incentive Approval Committee shall consist of the
7 members provided by subsection B of this section and the Executive
8 Director of the Oklahoma Center for the Advancement of Science and
9 Technology, or a designee from the Center appointed by the Executive
10 Director.

11 SECTION 2. This act shall become effective November 1, 2025.

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