

**Special Meeting Minutes
Incentive Evaluation Commission
July 14, 2016
Oklahoma State Capitol
Rm. 419-C, 2:00 p.m.
Oklahoma City, Oklahoma**

A meeting notice was filed with the Secretary of State and agenda posted in accordance with the Open Meeting Act.

MEMBERS PRESENT: Ron Brown, Layperson
Jim Denton, Auditor of Private Firm
Carlos Johnson, Certified Public Accountant
Cynthia Rogers, Economist
Lyle Roggow, President of the OK Professional Economic Development Council
Secretary Doerflinger, Ex Officio; Non-voting

MEMBERS ABSENT: Commissioner Cash, Ex Officio; Non-voting
Secretary Snodgrass, Ex Officio; Non-voting

STAFF/GUESTS: John Estus, OMES Public Information Officer
Beverly Hicks, OMES Recording Secretary
Mark Lash, Oklahoma Watch
Nicole Boyles, OEDC
Alisha Davidson, CSMIC
Andrew Messer, OK State Treasurer
Jim Joseph, OK State Bond Advisor
Jordan Perdue, State Bond Advisor's Office
Joseph P. Gappa, OTC
Kim Caplinger, OK Tourism & Recreation Dept.
Tava Sofsky, OK Tourism & Recreation Dept.
Janet Muller, OK Sen. Greg Treat
Randall Bauer, PFM
Shawn Ashley, ECapitol
Mark Thomas, OK Press Assoc.

1. Call to order and establish a quorum. [Lyle Roggow, chairman]

The meeting was called to order by Chairman Roggow at 2:03 p.m. A roll call was taken and a quorum was established. He was advised that notice of the meeting was given and an agenda posted in accordance with the Open Meeting Act.

2. Approval of minutes from the June 29, 2016 Commission meeting. [Lyle Roggow]

Mr. Denton moved to approve the June meeting minutes. Mr. Brown seconded the motion; the motion passed and the following votes were recorded:

Chairman Roggow clarified the correct name (RIMS) of one of the models TXP uses when doing their economic impact analysis, located on page 5, section 7, and paragraph 3.

Mr. Brown, aye; Mr. Denton, aye; Mr. Johnson, aye; Dr. Rogers, aye; Mr. Roggow, aye.

3. Sub-Committee Reports. [Lyle Roggow]

Vendor Committee. [Dr. Rogers, Mr. Brown]

No updates.

Scheduling Committee. [Mr. Roggow, Mr. Johnson]

No updates.

Criteria Committee. [Dr. Rogers, Mr. Denton]

No updates.

4. Presentation by PFM Consultant, Randall Bauer. [Lyle Roggow]

Mr. Bauer informed the Commission the document presented at the meeting today is a work in progress and is to assist in helping the sub-committee and Commission as they develop the evaluation criteria for each incentive to be reviewed. He gave some background of how he and the subcommittee arrived at the draft of criteria for consideration while stating some general areas of objectives, criteria for increasing jobs within the state, increasing economic impact, increasing capital investment and to encourage activity that will have a public benefit. Such activity will have objectives that are measurable and can be evaluated as to the success within. Within specific programs.

He gave an overview of criteria PFM will be weighing against in the requirements of House Bill (HB) 2182. Each evaluation is to include an estimate of the economic and fiscal impact of the incentive. Such estimate will be a part of all the evaluations. The following relevant factors shall be considered as the first criteria being used as PFM works to develop a set of logical criteria in evaluating the incentives.

- The extent to which the incentive changes business behavior.
- The results of the incentive for the economy of Oklahoma as a whole, which is both positive direct or indirect impacts and any negative effects.
- A comparison to the results of other incentives or other economic development strategies with similar goals.

The second criteria is an assessment of whether adequate protections are in place to insure the fiscal impact of the incentive doesn't increase substantially beyond the states expectations in future years. In most instances this relates to caps that may exist around programs in certain states where such caps exist.

The third criteria is to make sure it's being administered effectively as it relates to programs where there is a requirement for application, reporting or other stipulations that are necessary for the administration of the program, and if the incentive is achieving its goals.

The final criteria is changes to state policy or statutes to be made that allow for the incentive to be more easily or conclusively evaluated in the future.

Mr. Bauer concluded this is a starting point for the discussion around each of the twelve incentives identified in the first year. Noting that the draft evaluation criteria covered at the meeting today is a foundational document that doesn't provide any actual analysis at this point in time. It's for the Commission to keep track of the incentives.

1. Tax Credit for Aerospace Employee Tuition Reimbursement
2. Tax Credit for Aerospace Employees
3. Tax Credit for Compensation Paid to Aerospace Employees
4. Tax Credit for Electricity Generated by Zero Emission Facilities
5. Tax Credit for Manufacturers of Advanced Small Wind Turbines
6. Excise Tax Exemption on Aircraft Sales
7. Five Year Ad Valorem Property Tax Exemption
8. Historic Rehabilitation Tax Credit
9. Industrial Access Road Program
10. Oklahoma Capital Investment Board
11. Oklahoma Film Enhancement Rebate
12. Quality Events Program

Secretary Doerflinger exited the meeting at 2:39 p.m.

5. Discussion and possible action regarding evaluation criteria for 2016 incentive evaluations. [Lyle Roggow]

Mr. Johnson moved to table this item until the next meeting. Mr. Denton seconded the motion; the motion passed and the following votes were recorded:

Mr. Brown, aye; Mr. Denton, aye; Mr. Johnson, aye; Dr. Rogers, aye; Mr. Roggow, aye.

6. New Business. [Lyle Roggow]

Mr. Estus announced the Incentive Evaluation Commission website address:

IEC.OK.gov

7. Adjourn. [Lyle Roggow]

There being no further business, Mr. Johnson made the motion to adjourn. Mr. Brown seconded the motion. Seeing no opposition, the meeting adjourned at 3:38 p.m.