

STATE OF OKLAHOMA ALTERNATIVE FUEL INCENTIVES

Oklahoma offers an array of state and federal business incentive options for new or expanding refinery operations. These include manufacturing tax credits and exemptions for energy production facilities including biofuels. The following is a brief summary of incentives available to business owners. Firms must choose either Option 1 or 2. In most cases, large capital investments will benefit most from Option 1.

OPTION 1 — Investment/ New Jobs Tax Credit

- Targeted primarily to manufacturing companies, the incentive allows a five-year tax credit on the greater of [1%] per year of investment in qualified new depreciable property or a credit of \$500 per year per new job, doubled in an Enterprise Zone.

OPTION 2 — QUALITY JOBS TEN-YEAR CASH INCENTIVE

- Targeted to manufacturers and certain service companies who have a new payroll investment of \$2.5 million or more to receive quarterly cash payments of up to 5% of new taxable payroll.

SMALL EMPLOYER QUALITY JOBS-SEVEN-YEAR CASH INCENTIVE

- This incentive allows qualifying small businesses (90 or fewer employees) that are creating new direct jobs within one year to receive up to a 5% cash-back incentive to locate or expand in Oklahoma. The qualifying average wage requirement will vary among counties.

ADDITIONAL INCENTIVES – APPLICABLE TO OPTION 1 OR 2

PRODUCTION TAX CREDITS (PTC) FOR ALTERNATIVE FUEL PRODUCTION/DISTRIBUTION (FEDERAL/STATE)

FEDERAL

- 30 percent credit for clean-fuel refueling property at either a business or residence, with clean fuel defined as 85 percent ethanol, natural gas, CNG, LNG, LPG, hydrogen and 20 percent or greater biodiesel mixtures.
- Current excise tax provisions were extended from 2006 to 2008
 - o \$0.51/gallon for ethanol
 - o \$0.50/gallon for Biodiesel

- o \$1.00/gallon for Agri-Biodiesel
- o Federal Excise tax (extended from 2006-2008)

STATE

- Biodiesel (from animal fats, or grain components and products) and Ethanol 20 cents per gallon against Income Tax through 2011 (60 months), 7.5 cents per gallon tax credit beginning in 2012

TAX EXEMPTION FOR MANUFACTURING

- Five-Year Ad Valorem Tax Exemption for manufacturing, research and development, warehouse and distribution, certain computer/data processing services and aircraft repair.

SALES TAX EXEMPTIONS

- Processing Machinery & Equipment
- Goods used in manufacturing
- Electricity, Fuel, Other Tangible Property Used in Manufacturing

AGRICULTURAL COMMODITY PROCESSING FACILITY INCOME TAX EXEMPTION

- Owners of new or expanding agricultural commodity processing facilities may exclude from Oklahoma taxable income up to 15% of their investment. No more than a total of \$1,000,000 annually may be excluded by all qualified investors.

FREEPORT (INVENTORY TAX EXEMPTION)

- Oklahoma's Freeport Law exempts from taxation goods, wares and merchandise that come from outside the State and leave the State within nine months if such goods, wares and merchandise are held for assembly, storage, manufacturing, processing or fabricating purposes within the State.

CUSTOMIZED EMPLOYEE TRAINING

- Whether you're a new or an expanding company, when you create new jobs in Oklahoma, our nationally acclaimed Training for Industry Program (TIP) will provide resources to help you create and maintain the highly-skilled workforce you need to be productive from the start and remain competitive for the future. All these benefits to your company at no cost.

Other incentives are available energy efficient construction, clean refueling property...For a customized incentive analysis call: 1-800-588-5959.

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