



21st Century Quality Jobs Program 2020 Triennial Report

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Introduction

During the legislative session of 2009 the 21st Century Quality Jobs Program (the “21st Century Program”) was created. Designed to be aspirational, it is a powerful tool to seek attraction or expansion of higher wage jobs for the Oklahoma economy.

The 21st Century Program requires that the Oklahoma Department of Commerce provide a report on the status of the program beginning in March 2011 and every three years thereafter. The report is to be presented to the President Pro Tempore of the Senate, the Speaker of the House of Representatives and the Governor. This report fulfills that legislative requirement for 2020.

21st Century Quality Jobs Program Defined

This incentive was designed to attract growth industries and sectors to Oklahoma in the 21st Century through a policy of rewarding businesses with a highly skilled, knowledge-based workforce. The intended purpose of the 21st Century Program is to promote indisputably impactful high wage jobs without competing with existing incentives. The framework of this program is based on the successful Oklahoma Quality Jobs Program enacted in 1993.

The legislation for the 21st Century Program was passed in the spring of 2009, and became effective November 1, 2009. Jobs and wages created by qualifying entities on and after this date are eligible for benefits in the 21st Century Program.

Qualifying entities may be eligible for up to twice the Net Benefit Rate of the Oklahoma Quality Jobs program, or 10% of the taxable payroll of these new jobs, to be paid in cash on a quarterly basis. The program lasts for up to 10 years.

Threshold Requirements

The following requirements must be met before a contract may be issued:

Basic Industry

All applicants must be within a qualifying basic industry to receive benefits. The list of qualifying industries includes all those of the regular Oklahoma Quality Jobs Program (with the exception of Oil & Gas), and an enhanced list from legislation. Applicants in some industries are required to have and maintain an out-of-state sales threshold of 50%.

New Job Creation

The applicant must create a minimum of 10 New Direct Jobs within the qualifying industry activity. (A New Direct Job is one that did not exist in the state during the 6-month period prior to application date). The participant has up to 3 years to “ramp up” to this level of jobs to qualify for an additional 7 years of program participation. Should the participant not be able to add the 10 new jobs by the end of the third year, it will be dismissed from the program. Employees in these New Direct Jobs must work 30 or more hours per week to be considered “quality jobs”. Under certain circumstances, “leased” employees may be eligible for program benefits with notification at the time of application and approval.

Health Insurance Coverage

Applicants must offer those working in New Direct Jobs a basic health insurance plan (which includes doctor’s office visits, hospitalization, maternity, mental health, substance abuse, and pharmacy benefits) within 6 months of employment. Employees must not be required to pay more than 50% of the premiums for this health coverage.

Average Wage Requirement

An average wage requirement applies to all New Direct Jobs eligible for program benefits. Those employees in such jobs must be paid an annualized wage which equals or exceeds the lesser of 300% of the average county wage for the county in which the applicant is located or the state index wage, currently \$101,650. Employees must be paid this average annual wage on a quarter-by-quarter basis throughout the program for the participant to receive benefit payments.

Upon application, staff at the Oklahoma Department of Commerce (“Commerce”) conduct due diligence work on each applicant to ensure it is a legal entity in good standing within the state. Commerce staff also determine the maximum amount of benefits the participant may receive (based on the economic impact of those jobs and wages) by doing a cost/benefit analysis. This ensures the state will pay out no more in benefits than the economic benefit that is created by the participant.

While an entity qualifies for participation in the program based on its projection of wages and jobs, it receives payment of benefits based solely on actual performance. A participant must file quarterly claims with the Oklahoma Tax Commission (“Commission”), verifying its payroll and job data, to receive any payment. The Commission then verifies this claim through payroll tax withholdings before issuing a warrant. Should a participant have any encumbrance due to a delinquency in any tax owed to the state, payment of benefits is withheld, pending resolution of the tax owed.

Applicant Vetting Process

All applicants are thoroughly vetted by Commerce in a number of areas prior to having their application considered before the approval committee. Areas considered are:

- Legal Entity Status at Secretary of State’s Office – Good Standing
- Registration of legal entity at the Tax Commission and Employment Security Commission
- Confirmation, all taxes paid to the state-no encumbrances existing
- Verification of proper Industry Code (NAICS code)
- Analysis of current and historical average wages being paid to employees
- Capitalization and Leadership Team experience adequate to perform successfully
- Out of state sales amounts, current and potential to required levels
- Health Insurance program for employees in place and to required criteria thresholds
- All applicants must include their most recent financial statements to the committees so that their financial viability can be determined
- Companies are required to attend approval hearings to represent themselves to the committee-agency representatives are no longer used
- All applicants are required to appear before two approval committees (formerly, although legislation calls for most type of applicants to be reviewed by only one committee, ALL applicants will appear before BOTH internal and external review committees to provide better oversight)
- Participating companies must sign an Affidavit annually, on the anniversary date of their contract, stating that they have and will continue to provide the required Health Insurance to employees as well as maintain the required Out of State Sales level

The Oklahoma Tax Commission continues to verify, before each and every claim is processed and paid, that the participant company has paid their taxes and is currently eligible to receive program funds. Quality Jobs Program funds are withheld if any participant is in arrears with any amount owed to the state or has not complied with the elements of the program.

Historical Performance Data

The following information is reported on a fiscal year basis. Information reported represents both projected data and actual data as reported by the participant based on jobs and wages.

Enrollment and performance since the last Triennial Report:

FY 2017

Enrolled	No enrollments in FY 2017
Jobs Projected	
Wage Range	
Net Benefit Rate Range	
Status	
Maximum Benefits	

FY 2018

Enrolled	1
Jobs Projected	50
Wage Range	\$195,926
Net Benefit Rate Range	9.6%
Status	Research & Development
Maximum Benefits	\$3,876,886

FY 2019

Enrolled	1
Jobs Projected	62
Wage Range	\$105,409
Net Benefit Rate Range	5.48%
Status	Flight Training
Maximum Benefits	\$3,202,495

Summary

The 21st Century Program has attracted significant attention since being introduced. The names of the participants are well known within their industries:

Lansing Trade Group, LLC
The Boeing Company (four times)
Invia Pavement Technologies
GWACS Defense, Inc.
Erys, LLC
Longwave, Inc.
CapSpire, Inc.
Northrop Grumman Technical Services
FlightSafety Services Corporation
General Electric Company

Several major business publications and newspapers across the country have mentioned the introduction of the 21st Century Program as an example of another innovative new incentive in Oklahoma.

Questions, concerns or comments regarding the 21st Century Quality Jobs Program should be addressed to:

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