



Oklahoma Rural Jobs Act Incentive

2nd Anniversary Summary Report



OKLAHOMA
Commerce

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Rural Jobs Act 2nd Anniversary Summary

Introduction

The Rural Jobs Act (section 3930 of Title 68) was passed in 2022 and allows eligible rural funds to receive tax credits for investing in, or providing financing to, eligible businesses in rural areas of the State. The tax credits can be used against the taxes listed below

- Section 2355, 2355.1P-4, or 2370 of Title 68 of the Oklahoma Statutes
- Section 624 or 628 of Title 36 of the Oklahoma Statutes

These rural funds were established by existing lending institutions and related organizations who have the expertise necessary to evaluate investment opportunities. The State of Oklahoma is not directly investing in these projects. Projects should create jobs and capital investment, factors that must be estimated during the submission process and reported on during the length of the project. Projects should also be capable of repaying their debts which will enable the rural funds to continue investing in a revolving fashion.

Requirements

To be eligible as a Rural Jobs Act project, a project must:

1. Be in a rural area for 70% of funds
 - a. Defined as a municipality under 7,000 or a county under 75,000 people
 - i. As measured by the 2020 decennial census
2. Be for a company principally located in Oklahoma
 - a. Defined as at least 60% of employees or payroll located in the State of Oklahoma
3. Be for a company with under 250 employees in total
4. Provide a preliminary business plan (including revenue and job-creation impacts) for each investment
5. Provide annual reports on the performance of each investment

Rural funds

In December 2022, applications were open for the rural funds. Five rural funds (listed below) were authorized to raise \$20 million each in private funds in return for allocations of future state premium tax credits. Rural funds may not invest more than the greater of \$6.5 million in credits or 20% of their remaining total to a single project. Rural funds are responsible for submitting annual reports on their investments and to make investments within the statutorily-required timeframes. 60% must be invested within two years and 100% within three years in Oklahoma. 70% or more of funds must be invested in qualifying rural areas although small businesses receiving funds are eligible for a multiplier to ease this burden with the smallness of the county determining the largeness of the multiplier.

Table 1. Approved rural funds

Fund Name	Funding Entity
Enhanced Capital Oklahoma Rural Fund, LLC	Enhanced Capital Group, LLC
Midwest Community Development Fund XV, L.L.C.	Advantage Capital Community Development Fund, L.L.C.
Oklahoma Rural Investment Fund, L.L.C.	Affordable Equity Partners
Oklahoma Rural Jobs Subsidiary Fund, LLC	Oklahoma Rural Jobs Investment Company, LLC
Stonehenge Oklahoma Rural Fund I, LLC	Stonehenge Oklahoma Rural Fund Holdings, LLC

As of this date, January 9th, 2025, the second anniversary of the credit allowance date has passed and all five annual reports have been received. All five funds are compliant with statute to date, and they are on track to continue meeting thresholds. The next section of the report summarizes what was contained within those reports with some numbers only presented in aggregate to preserve confidentiality.

Investments

Rural funds have invested in 22 firms which successfully applied for funding from them under the Oklahoma Rural Jobs Act. These projects include expansion projects, the purchase and saving of companies, and other means of expanding rural economies. Over \$72 million in total has been awarded to these projects. of these companies are in qualifying rural areas. 174 new jobs have been created with these companies paying an average wage of \$63,932. See the table below for additional information on investments approved so far.

Table 2. Overview of investments

Investment	Location	Rural Qualifying	Rural Fund	Award
Alliance Air Parts	Oklahoma City	No	Stonehenge Oklahoma Rural Fund I, LLC	\$6,000,000
Arborstone Self Storage Afton, LLC	Afton	Yes	Stonehenge Oklahoma Rural Fund I, LLC	\$250,000
Arborstone Self Storage Monkey Island, LLC	Afton	Yes	Stonehenge Oklahoma Rural Fund I, LLC	\$675,000
Arborstone Self Storage Mounds, LLC	Mounds	Yes	Stonehenge Oklahoma Rural Fund I, LLC	\$1,300,000



Bison Metals Technologies, LLC	Shawnee	Yes	Oklahoma Rural Investment Fund, L.L.C.	\$3,812,424
Boston Avenue Partners, LLC	Tulsa	No	Enhanced Capital Oklahoma Rural Fund, LLC	\$1,000,000
Contango IT Oklahoma, LLC	Tulsa	No	Enhanced Capital Oklahoma Rural Fund, LLC	\$3,000,000
Dirtworks Company, LLC	Madill	Yes	Oklahoma Rural Investment Fund, L.L.C.	\$6,500,000
Duncan Machine Products, Inc.	Duncan	Yes	Midwest Community Development Fund XV, L.L.C.	\$5,150,000
EHC Ardmore LLC	Ardmore	Yes	Oklahoma Rural Investment Fund, L.L.C.	\$4,000,000
Hawks Ranch Trucking, LLC and KVC Logistics Holdings, LLC	Adair	Yes	Enhanced Capital Oklahoma Rural Fund, LLC	\$3,500,000
Malone's CNC Machining	Grove	Yes	Midwest Community Development Fund XV, L.L.C.	\$5,000,002
Medefy Health, Inc	Tulsa	No	Midwest Community Development Fund XV, L.L.C.	\$,3,191,175
MJ&H Fabrication, Inc.	Ponca City	Yes	Enhanced Capital Oklahoma Rural Fund, LLC	\$3,000,000
Platform Fuel Distribution Holdings, LLC	Clayton	Yes	Oklahoma Rural Jobs Subsidiary Fund, LLC	\$4,000,000
Prairie Creek Farms LLC	Kellyville	Yes	Enhanced Capital Oklahoma Rural Fund, LLC	\$400,000
SG Echo, LLC	Durant	Yes	Enhanced Capital Oklahoma Rural Fund, LLC	\$4,000,000



SurRoca Redi-Mix, LLC	Tulsa	Yes	Oklahoma Rural Investment Fund, L.L.C.	\$6,500,000
Talala Feed Company, LLC	Talala	Yes	Stonehenge Oklahoma Rural Fund I, LLC	\$4,250,000
Talon Tools, LLC	Tulsa	Yes	Enhanced Capital Oklahoma Rural Fund, LLC	\$700,000
United Dynamics, Inc.	Shawnee	Yes	Oklahoma Rural Jobs Subsidiary Fund, LLC	\$6,000,000
<i>Total</i>		<i>17/21</i>		<i>\$72,668,601</i>

Conclusion

The Rural Jobs Act was passed to incentivize rural development through existing lending entities. Tax credits are promised to the lenders' rural funding entities and are a lever for encouraging investment in rural communities. Five rural funds were accepted into the program and have invested in 22 projects to date for \$72,668,601, the vast majority of which is going to rural projects. At an average wage of \$63,932, these companies that have been invested in are paying in-line with the State's median household income, which is \$63,603.

Sources

The information found in this report or used to calculate what is found in this report came from the sources listed below:

- 2nd anniversary annual reports
- Oklahoma Department of Commerce files
 - Project files
 - Oklahoma Rural Jobs Act rules
- Oklahoma Rural Jobs Act legislation
- US Census Data