Oklahoma’s Historic Tax Credit and its Impact on the State’s Economy

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PlaceEconomics
OH, MAN...
IT'S EVEN WORSE
THAN I THOUGHT

THE
ETERNAL
ECONOMICS
SEMINAR
Tests of a good economic development incentive

1. The incentive achieves the purposes for which it was created
2. There are measurable economic development benefits
3. The incentive significantly leverages private investment
4. The use of the incentive meets the “but for” test

The best economic development incentives meet an additional test:

5. There are significant benefits of the incentive beyond just economic development
The Oklahoma Historic Tax Credit meets **ALL** of those tests.
If you can’t write your idea on the back of my business card, you don’t have a clear idea.

- 77 historic rehabilitation projects were completed between 2001 and 2015 representing investment of more than $500 million.
- Every $1 of State Tax Credit catalyzes $11.70 in economic activity in Oklahoma.
- Tax credit projects have generated paychecks of nearly $310 Million for Oklahoma workers.
- The State of Oklahoma gets back over half their tax credit expenditure before the credit is even awarded.
- On average there has been 25% more invested in these projects than qualified for the tax credit.
Cumulative Investment
Tax Credit Projects

$0
$100,000,000
$200,000,000
$300,000,000
$400,000,000
$500,000,000
$600,000,000


$0
$100,000,000
$200,000,000
$300,000,000
$400,000,000
$500,000,000
$600,000,000

Cumulative Investment
Tax Credit Projects

QRE Additional Investment
Project Numbers by Location

- Oklahoma City: 46.8%
- Tulsa: 29.9%
- Elsewhere in Oklahoma: 23.4%
- Other locations: 0%
<table>
<thead>
<tr>
<th>Projects under $1 million</th>
<th>Projects between $1 million-$10 million</th>
<th>Projects over $10 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oklahoma City</td>
<td>Ada</td>
<td>Oklahoma City</td>
</tr>
<tr>
<td>Tulsa</td>
<td>Tulsa</td>
<td>Tulsa</td>
</tr>
<tr>
<td>Perry</td>
<td>Oklahoma City</td>
<td></td>
</tr>
<tr>
<td>Guthrie</td>
<td>Bartlesville</td>
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<td>Drumright</td>
<td>Sapulpa</td>
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<td>Ardmore</td>
<td>Idabel</td>
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<td>Watonga</td>
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<td>Cordell</td>
<td></td>
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<tr>
<td>Jones</td>
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</tbody>
</table>
Location of Projects by Investment

- Oklahoma City: $242,870,780
- Tulsa: $230,896,359
- Rest of Oklahoma: $46,555,002
Jobs from Tax Credit Projects

Average over last 15 years: 449.7
Average over last 5 years: 784.9

Total Jobs Direct
Total Jobs Indirect & Induced

2007: 500
2008: 400
2009: 300
2010: 200
2011: 100
2012: 50
2013: 100
2014: 200
2015: 300
If the average historic preservation tax credit activity over the last 15 years were a single industry, it would be among the largest 5% of firms in Oklahoma.
Jobs/$1,000,000 Output
Direct, Indirect, Induced

Beef cattle ranching and farming, including feedlots...
Hotels and motels, including casino hotels
Building Rehabilitation
Truck transportation
New Construction
Data processing, hosting, and related services
Software publishers
Drilling oil and gas wells
Telecommunications Carriers
Biological product manufacturing
Petroleum refineries
Salary and Wages/$1,000,000 Output
Direct, Indirect, Induced

- Truck transportation
- Building Rehabilitation
- New Construction
- Drilling oil and gas wells
- Data processing, hosting, and related services
- Hotels and motels, including casino hotels
- Software publishers
- Biological product manufacturing
- Telecommunications Carriers
- Petroleum refineries
- Beef cattle ranching and farming
Effect of $100,000 Historic Tax Credit

$100,000 spurs $1,171,000 in Economic Activity

State Tax Credit
QRE Investment
Additional Investment
Indirect/Induced Economic Activity
Initial Returns to the State of Oklahoma
before Credit is Rewarded
(per $100,000 in credits)

<table>
<thead>
<tr>
<th>Tax Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Income Tax</td>
<td>$19,537</td>
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<tr>
<td>Business Income Tax</td>
<td>$6,556</td>
</tr>
<tr>
<td>State Sales Tax</td>
<td>$25,560</td>
</tr>
</tbody>
</table>
The “salability” of the Oklahoma Historic Tax credit are a major advantage. In other states $.65 to $.75 on the $1.00 is a typical selling price. In Oklahoma developers are getting $.80 to $.90
Your friends to the south.
Five Years Prior to Tax Credit

Texas, $268,161,054

Oklahoma, $17,391,442

Texas

Oklahoma
Most Recent Five Years

Texas, $194,969,209

Oklahoma, $222,602,306
Because the State Historic Tax Credit spurs the use of the Federal Tax Credit, $83 Million has stayed in Oklahoma that otherwise would have gone to Washington.
Congratulations, Oklahoma, for having one of the best Historic Tax Credit programs in America

Thank you very much