

OKLAHOMA AIR CARGO EXPANSION FEASIBILITY STUDY

Prepared by Russell R. Evans, Ph.D., Distinguished Fellow at E Foundation for Oklahoma, in
partnership with the U.S. Department of Commerce Economic Development
Administration.

July 2019

TABLE OF CONTENTS

Executive Summary	3
Economic Context	4
Oklahoma Exports	7
Existing Infrastructure	10
Research Methodology	12
Oklahoma Air & Space Port	13
Ardmore Industrial Airpark	20
Appendix A: Case Study: Commercial Development in Rural Oklahoma	26
Appendix B: Incentives, Credits, Programs	35

EXECUTIVE SUMMARY



Russell R. Evans, Ph.D., Distinguished Fellow at E Foundation for Oklahoma, conducted a feasibility study from March through June 2019 to explore the economic potential of developing one of two underutilized airports in the state into an international air cargo logistics hub: the Oklahoma Air & Space Port in Burns Flat, Oklahoma, and the Ardmore Industrial Airpark, located in Ardmore, Oklahoma.

The study revealed that both locations would be a good fit as home to an international air cargo logistics hub, providing access for imports to a dedicated air cargo facility with rail and freight access to nearly 20% of the U.S. population. Geography is the most significant differentiator between the two locations.

Rapid urbanization in the U.S., the rise of the “Internet Economy,” increasing consumer demand for same- and second-day delivery of goods, and traffic congestion in and around the major coastal ports are a few of the relevant issues and trends.

Oklahoma Air & Space Port

Development of the Oklahoma Air & Space Port in Burns Flat would create an anchor of activity along the I-40 corridor between Oklahoma City and Amarillo in western Oklahoma, generating up to **13,000 new jobs and an economic impact of up to \$2.5 billion.**

Ardmore Industrial Airpark

Development of the Ardmore Industrial Airpark would serve as an economic catalyst for the fast-growing I-35 Corridor Megalopolis between Oklahoma City and Dallas, generating more than **18,000 new jobs and a potential economic impact of \$3.8 billion.**

ECONOMIC CONTEXT

Oklahoma is undergoing an economic transformation that runs counter to its economic heritage. A robust state history of oil and gas exploration, agricultural production, Native



American communities, and a strong network of community banking all support a heritage of rural economic strength. The present, however, is defined by an increasing concentration of people and economic activity in the state's urban areas. Urbanization will create both economic opportunities and challenges. Rare will be the policy or development that serves both urban and rural economies.

People and economic activity are increasingly concentrated in dense, amenity-rich, urban areas. The rise of urban economies is not limited to the U.S. or developed nations but extends to the developing world. A recent panel presentation of distinguished academics summarized nicely both the social challenges created by rapid urbanization as well as the unique resources available in cities to meet these challenges.¹

Urbanization feeds itself through a process of productive spillovers. The idea is that as firms, even from different industries, locate near each other, knowledge spills over between firms and innovations result. A concentration of production activity requires a robust supply chain and support sectors which invites additional productive activity. A concentration of people in the urban center invites amenities that facilitate shared consumer experiences and attracts an educated, creative, and innovative labor supply. These channels of productivity spillovers continue to drive people and economic activity to concentrate in urban centers.²

The origins of modern urbanization can be traced to technological and transportation efficiencies that have drastically decreased transaction costs – the costs associated with providing information about, facilitating the sale of, and delivering the good or service. Falling transaction costs lower the cost to a producer of locating productive activity away from the final point of consumption. Urbanization is the natural confluence of these two influences – falling transaction costs that allow firms to locate away from their final markets and the productive spillovers from co-location. The pattern and pace of urbanization, however, is influenced by geography and amenities.

¹ For an abridged transcript of the comments offered by Richard Florida and Ed Glaeser, see <https://www.citylab.com/equity/2017/04/two-takes-on-the-fate-of-future-cities/521907/>

² The economic spillover channels summarized are generally referred to as economies of scale, production agglomerations, and consumption agglomerations.



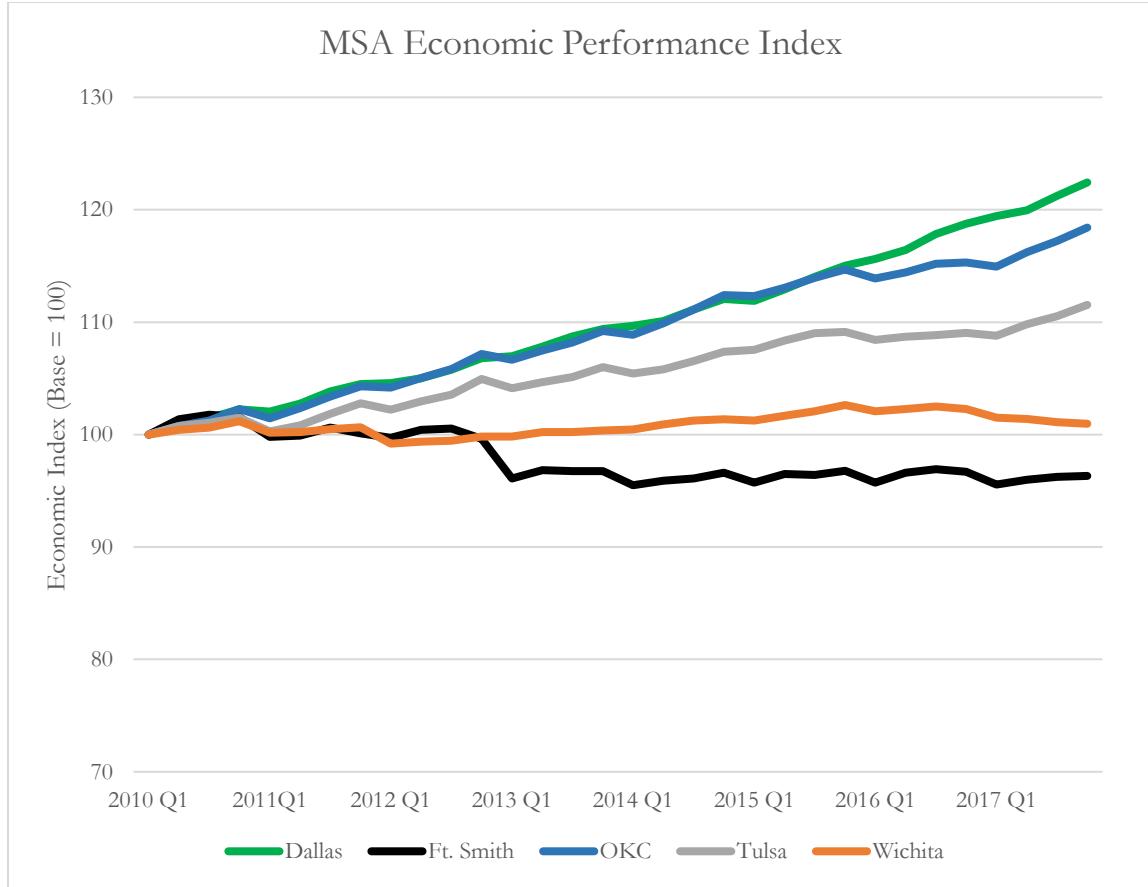
Gains in transportation and energy efficiency have spurred population flows to the south and west. These population flows represent long run trends. Over the last generation the fastest growing geographies in the U.S have been Florida, Arizona, and the I-35 corridor megalopolis running through Texas and into Oklahoma. The forces of geography will extend into the next generation making urban areas in the south and west natural pulls for people and economic activity. As economic activity is attracted to this region, the need for rapid access to global supply chains and the appetite for imported consumption will increase accordingly.

As activity moves south and west, it will be attracted to areas that offer a rich assortment of amenities that allow residents to have shared experiences. Amenities complement individual and household efforts to maximize their quality of life. Amenities can be either natural or the result of public policy, and generally fall into three categories: education amenities, recreation amenities, and transportation amenities. The graph below (MSA Economic Performance Index) illustrates the diverging economic realities of cities given their geography and amenities.

An economic index was constructed for five regional cities: Ft. Smith, Arkansas; Dallas, Texas; Oklahoma City, Oklahoma; Tulsa, Oklahoma; and Wichita, Kansas. Each index is comprised of a set of economic variables including employment, wages, business establishments, and labor force. Cities along the I-35 corridor generally enjoy better geography than cities located off the corridor (e.g. Ft. Smith). Along the corridor, cities on the southern edge enjoy a stronger geographical influence than cities on the northern edge of the corridor. Finally, bigger cities with greater density and amenity offerings generally enjoy stronger economic growth.

The index of economic activity has contracted in Ft. Smith since emerging from the great recession in 2010 while economic activity has been mostly flat in Wichita. This result is not surprising as these cities struggle both with geography and amenities. Economic activity is up in Tulsa but growing at a pace significantly slower than activity in Oklahoma City. Again, this result is not surprising given Oklahoma City's geography farther south on the I-35 corridor. Finally, the index of economic activity is up sharply in Dallas, outpacing economic gains in Oklahoma City.





The obvious interpretation of the graph above is that cities benefit from their geography and amenities. A less obvious interpretation is that economic realities continue to diverge not just between urban and rural areas but also between regional urban economies. Dallas is already a larger city than Oklahoma City, yet it is growing faster in terms of labor force and employment. The nature of compound growth guarantees that the gap between the two urban centers will only widen in the future. The same is true between Oklahoma City and Tulsa.

If current population and labor force trends continue, the gap between the state's largest metropolitan areas will widen considerably in the years ahead.³

OKLAHOMA EXPORTS

³ Tulsa recently entered the amenity development space very effectively with the development of The Gathering Place.



Oklahoma exported \$6.1 billion in agricultural and manufactured commodities in 2018. The value of Oklahoma exports ebbs and flows with economic and commodity price cycles. Exports peaked in 2013 at \$6.9 billion before falling as Oklahoma experienced a prolonged period of low commodity prices. Exports growth returned in 2017 with exports experiencing 13.8% growth in 2018.

Oklahoma Exports		
Year	Export Value	Growth from Previous Year
2009	4,414,915,717	
2010	5,354,115,399	21.3%
2011	6,227,675,655	16.3%
2012	6,578,543,474	5.6%
2013	6,919,746,438	5.2%
2014	6,308,264,729	-8.8%
2015	5,250,680,332	-16.8%
2016	5,046,076,938	-3.9%
2017	5,364,366,602	6.3%
2018	6,102,425,059	13.8%

Source: U.S. Census; usatrade.census.gov

Oklahoma exports primarily consist of manufactured commodities with manufactured machinery, transportation equipment, and electronic products topping the ranks. Manufactured commodities hold nine of the top 10 spots with \$289 million in agricultural products coming in at 8th. The primary subcomponent of transportation equipment exports is aircraft while the largest subcomponent of agricultural products is cotton.⁴

One of the avenues of economic impact is the access the international air cargo logistics hub will provide for Oklahoma produced goods to reach foreign markets. As market access incentivizes greater production from these industries, the Oklahoma economy will experience multiplier, or spillover economic activity.

Oklahoma Exports by Industry

⁴ For a summary of trade activity by state, see <https://globaledge.msu.edu>



Rank	Industry	Export Value 2018	Share of Total
1	333 Machinery, Except Electrical	\$1,085,660,696	17.8%
2	336 Transportation Equipment	\$1,059,637,617	17.4%
3	334 Computer & Electronic Products	\$894,190,633	14.7%
4	325 Chemicals	\$655,332,778	10.7%
5	332 Fabricated Metal Products, Nesi	\$512,520,268	8.4%
6	335 Electrical Equip, Appliances & Components	\$370,681,466	6.1%
7	311 Food & Kindred Products	\$353,611,068	5.8%
8	111 Agricultural Products	\$289,015,679	4.7%
9	331 Primary Metal Mfg.	\$236,218,644	3.9%
10	326 Plastics & Rubber Products	\$147,518,243	2.4%
11	Other	\$498,037,967	8.2%
Total		\$6,102,425,059	100.0%

Source: U.S. Census; usatrade.census.gov

The destination for Oklahoma exports is primarily North America and Europe, with these two regions combining to account for 64% of all Oklahoma exports in 2018.

Oklahoma Exports By Destination Region			
Rank	Region	Export Value 2018	Share of Total Exports
1	North America	\$2,422,267,599	39.7%
2	Europe	\$1,478,833,217	24.2%
3	Asia - Other	\$1,160,363,568	19.0%
4	Asia Near East	\$336,646,738	5.5%
5	South America	\$279,341,449	4.6%
6	Africa	\$139,195,312	2.3%
7	Australia and Oceania	\$113,636,771	1.9%
8	Asia - South	\$94,569,549	1.5%
9	Central America and Caribbean	\$77,570,856	1.3%
Total		\$6,102,425,059	100.0%

Source: usatrade.census.gov



Oklahoma's primary trade partners in 2018 were Canada, Mexico, and Germany with these top three countries receiving 50% of all Oklahoma exports. The top 10 countries of destination for Oklahoma exports accounted for 71.7% of all Oklahoma exports in 2018.

Oklahoma Exports by Destination Country			
Rank	Country	Export Value 2018	Share of Total Exports
1	Canada	\$1,638,956,727	26.9%
2	Mexico	\$783,308,110	12.8%
3	Germany	\$611,761,042	10.0%
4	Japan	\$295,780,415	4.8%
5	Netherlands	\$246,136,821	4.0%
6	China	\$203,211,428	3.3%
7	Singapore	\$188,831,819	3.1%
8	United Kingdom	\$157,488,413	2.6%
9	Hong Kong	\$154,662,535	2.5%
10	Australia	\$96,431,639	1.6%
	All Other	\$1,725,856,110	28.3%
	Total	\$6,102,425,059	100.0%

Source: usatrade.census.gov

EXISTING INFRASTRUCTURE

While Oklahoma currently ranks 38th and 34th in U.S. exports and imports respectively, much of the infrastructure for expanding the international flow of goods through the state is already in place. Oklahoma is centrally located to one of the fastest growing regions of the U.S. – the I-35 corridor megalopolis.⁵

An overview of the freight infrastructure already in place in Oklahoma is provided in the Oklahoma Department of Transportation 2015-2040 Long Range Transportation Plan (LRTP). Oklahoma moves more than one billion tons of freight into, out of, and through the state annually. Consistent with the access offered to major markets via I-35, I-40, and I-44, 65.7% of freight movement is via truck. Of the freight shipments via truck, 61.5% are through shipments of freight moving on to other markets in the U.S. Rail shipments account for 33.6% of all freight movement in the state. As rail typically moves bulk freight, it is not surprising that 84% of all rail freight transportation are through shipments. In total, through shipments account for more than 68% of all freight movements in the state.

Million Tons of Freight, 2015						
Mode	Inbound	Outbound	Internal	Through	Total	Mode Share of Total
Truck	45.8	59.0	149.8	407.1	661.7	65.7%
Rail	31.0	18.9	3.8	285.0	338.7	33.6%
Waterway	3.1	3.3	0.0	0.0	6.4	0.6%
Total	79.9	81.2	153.6	692.1	1,006.8	100.0%

From ODOT LRTP Chapter 7 - Freight Transportation and Economic Conditions

Freight transportation is expected to grow in Oklahoma. The pace of economic development along the I-35 corridor will drive some of this growth. Given the trajectory of economic conditions, the LRTP foresees a similar pattern of freight movements but at higher levels.

⁵ For a review of the megalopolis idea and the growth of the I-35 corridor, see *Beyond Megalopolis: Exploring America's New "Megapolitan" Geography*, by Robert E. Land and Dawn Dhavale of the Metropolitan Institute at Virginia Tech available at america2050.org.

By 2040, Oklahoma is expected to move more than 1.4 billion tons of freight into, out of, and through the state. Building on the natural access to major markets via the interstate highway infrastructure, truck freight is expected to account for 70.6% of all freight shipments in 2040. Rail shipments are anticipated to account for 28.8% of freight shipments with rail shipments largely constituting through movements. In total, freight movements through the state with a final destination in other U.S. markets accounts for 68% of freight movements.

Million Tons of Freight, 2040 Forecast						
Mode	Inbound	Outbound	Internal	Through	Total	Mode Share of Total
Truck	79.8	76.2	222.6	629.9	1,008.5	70.6%
Rail	47.7	17.3	5.0	341.7	411.7	28.8%
Waterway	4.0	4.3	0.0	0.0	8.3	0.6%
Total	131.5	97.8	227.6	971.6	1,428.5	100.0%

From ODOT LRTP Chapter 7 - Freight Transportation and Economic Conditions

Oklahoma's existing freight infrastructure will complement and enhance the productivity of air cargo operations while Oklahoma's modest current export activities are poised to benefit from lower cost access to foreign markets.

RESEARCH METHODOLOGY

The primary methodology of economic impact analysis is input-output analysis. These models begin with a frozen-in-time snapshot of the regional economy. From this snapshot, the flows of goods and services between industries and institutions are identified allowing the model to capture inter-industry relationships.

For example, the flows between the manufacturing and construction industries might reveal a relationship in which every additional dollar of construction output requires \$0.20 of output from the local manufacturing sector. The relationships between the local construction industry and other industries are derived similarly. In combination, these inter-industry linkages allow the model to derive a construction activity multiplier. The multiplier expresses the estimated total change in regional economic activity from new direct demand for regional construction services.

Estimating the economic impact from the development and operations of an international air cargo logistics hub begins with identifying potential streams of new direct demand. As the development and operations of the facility progresses, an initial layer of direct economic impact is expected in the form of commercial development, including infrastructure, site preparation, construction of warehousing and manufacturing facilities, and other capital investment in and around the area.



OKLAHOMA AIR & SPACE PORT

The Oklahoma Air & Space Port is an industrial airpark located in Burns Flat, Oklahoma, operated by the Oklahoma Space Industry Development Authority.

The airpark was originally commissioned as the Clinton Naval Air Station in 1943 and was home to Special Task Air Groups during World War II. The station closed in 1949 but was reactivated in 1954 as the Clinton-Sherman Air Force Base and served as a Strategic Air Command facility from 1954 to 1969 when the base was decommissioned.

One of only 10 spaceports in the U.S. – and the only one with an FAA-approved spaceflight corridor not in restricted airspace or Military Operation Areas – the Oklahoma Air & Space Port boasts one of the longest runways in the nation at 13,503 ft.

The extended runway allows for landing and takeoff of the largest, most heavily loaded aircraft. It serves this purpose now primarily for military aircraft and has been considered for space shuttle landings. Efforts are ongoing to attract emerging companies like SpaceX to set up operations there.

The airpark includes a 2,700-acre facility for aerospace testing, research and development, flights, and launches, and an additional 1,000 acres available for expansion and new development. The facility includes six commercial aircraft hangars totaling more than 100,000 square feet.

The airpark serves both military and civilian traffic, with approximately 90% of traffic military and 10% commercial and general aviation.

Economic Impact: Oklahoma Air & Space Port

Estimates of the total economic impact are derived from an initial direct investment ranging from \$50 million to \$100 million.



Development Impacts: CAPEX \$50 Million			
	Employment	Labor Income	Output
Direct Impact	419	\$22,297,862	\$50,000,000
Multiplier Impact	245	\$12,366,349	\$37,940,159
Total Impact	664	\$34,664,211	\$87,940,159
Development Impacts: CAPEX \$75 Million			
	Employment	Labor Income	Output
Direct Impact	629	\$33,446,794	\$75,000,000
Multiplier Impact	367	\$18,549,522	\$56,910,238
Total Impact	996	\$51,996,316	\$131,910,238
Development Impacts: CAPEX \$100 Million			
	Employment	Labor Income	Output
Direct Impact	839	\$44,595,725	\$100,000,000
Multiplier Impact	489	\$24,732,696	\$75,880,317
Total Impact	1,328	\$69,328,421	\$175,880,317

The economic impacts from development are attributable to construction, infrastructure improvements, and other large-scale expenditures. These expenditures tend to be labor intensive with much of the contract labor pulled from regional labor markets. The economic impacts from one-time development expenditures range from 664 to 1,328 new jobs supported by \$34.7 million to \$69.3 million in new labor income with a total statewide economic impact ranging from \$87.9 million to \$175.9 million. These impacts will occur one-time as the initial development spending is a one-time expense. The impacts, however, will stretch across time according to the pattern of the development expenditures and the longevity of the multiplier process.

The next layer of economic impacts results from the operations of the Oklahoma Air & Space Port. Estimating the impacts from operations begins with an estimate of the new demand for cargo services. The new demand will be reflected in the revenue generated from port operations with the revenue generated in turn a function of the total pounds of cargo (quantity of services demanded) enplaned and revenue generated per pound (price per unit) enplaned. Total direct revenue from operations are estimated for a range of cargo pounds enplaned and revenue per pound as presented below.



		Total Cargo Pounds Enplaned		
		200,000,000	250,000,000	300,000,000
Revenue per Pound	\$1.25	\$250,000,000	\$312,500,000	\$375,000,000
	\$1.75	\$350,000,000	\$437,500,000	\$525,000,000
	\$2.25	\$450,000,000	\$562,500,000	\$675,000,000

The low end of the estimates assumes 200,000,000 pounds of cargo enplaned at a revenue per pound of \$1.25 resulting in total revenue from operations (new demand of air cargo transportation services) of \$250 million. The high end of the estimates assumes 300,000,000 pounds of cargo enplaned at a revenue per pound of \$2.25 resulting in total revenue from operations (new demand of air cargo transportation services) of \$675 million. A middle estimate results in a projected \$437.5 million in airpark operations revenue.

The grid presented above provides an easy visualization of the interplay of cargo enplanements and revenue per pound of cargo enplaned in determining the direct economic contribution of the airpark at full operations. The multiplier impacts from operations are estimated for the low, medium, and high scenarios just described.

Cargo Port Operations Low: 200 M pounds enplaned @ \$1.25 Revenue per pound			
	Employment	Labor Income	Output
Direct Impact	749	\$75,956,924	\$250,000,000
Multiplier Impact	1,432	\$75,246,974	\$244,741,514
Total Impact	2,181	\$151,203,898	\$494,741,514

Cargo Port Operations Medium: 250 M pounds enplaned @ \$1.75 Revenue per pound			
	Employment	Labor Income	Output
Direct Impact	1,310	\$132,924,618	\$437,500,000
Multiplier Impact	2,507	\$131,682,204	\$428,297,650
Total Impact	3,817	\$264,606,822	\$865,797,650

Cargo Port Operations High: 300 M pounds enplaned @ \$2.25 Revenue per pound			
	Employment	Labor Income	Output
Direct Impact	2,021	\$205,083,696	\$675,000,000
Multiplier Impact	3,868	\$203,166,828	\$660,802,088
Total Impact	5,889	\$408,250,524	\$1,335,802,088



At full operations, the Oklahoma Air & Space Port would be a hub of economic activity in western Oklahoma. Estimates of total employment impacts range from 2,181 to 5,889 new jobs supported by \$151.2 million to \$408.2 million in labor income with a total economic impact ranging from \$494.7 million to \$1.3 billion on the state's economy.

A couple of comments on the impacts from operations are important to note. First, the assumptions on the volume of cargo to pass through the operations are modest compared to major air cargo hubs such as Memphis and Hong Kong, which are among the most productive air cargo hubs. The upper end assumption of 300,000,000 pounds of cargo enplaned would represent less than 10% of the volume of Memphis and would rank the Oklahoma Air & Space Port well outside the top 10 U.S. airports in terms of cargo volumes. Second, the impacts are estimated from existing relationships between the air transportation sector and all other sectors of the state's economy. No attempt to adjust the multipliers have been made to reflect the specific nature of the port as a cargo rather than a passenger facility.

The final layer of economic impacts is the result of a catalyst effect as the Oklahoma Air & Space Port lowers the real cost of accessing foreign markets for Oklahoma producers. In doing so, the port facilitates new demand for Oklahoma exports from foreign buyers. The increased production of Oklahoma exports serves as a final source of direct economic impact with its own associated multiplier impacts.

The economic impacts from the export catalyst begins by returning to the list of primary agricultural and manufactured products exported in Oklahoma. Impacts are estimated for three scenarios ranging from an increase in the production of Oklahoma exports from 5% to 10% of the current baseline. The total direct impact by major industry is reported below for each scenario. The values in the final three columns serve as inputs to the economic impact models.



Oklahoma Exports by Industry					
Rank	Industry	Export Value 2018	5% Growth	7.5% Growth	10% Growth
1	333 Machinery, Except Electrical	\$1,085,660,696	\$54,283,035	\$81,424,552	\$108,566,070
2	336 Transportation Equipment	\$1,059,637,617	\$52,981,881	\$79,472,821	\$105,963,762
3	334 Computer & Electronic Products	\$894,190,633	\$44,709,532	\$67,064,297	\$89,419,063
4	325 Chemicals	\$655,332,778	\$32,766,639	\$49,149,958	\$65,533,278
5	332 Fabricated Metal Products, Nesi	\$512,520,268	\$25,626,013	\$38,439,020	\$51,252,027
6	335 Electrical Equipment, Appliances & Components	\$370,681,466	\$18,534,073	\$27,801,110	\$37,068,147
7	311 Food & Kindred Products	\$353,611,068	\$17,680,553	\$26,520,830	\$35,361,107
8	111 Agricultural Products	\$289,015,679	\$14,450,784	\$21,676,176	\$28,901,568
9	331 Primary Metal Mfg.	\$236,218,644	\$11,810,932	\$17,716,398	\$23,621,864
10	326 Plastics & Rubber Products	\$147,518,243	\$7,375,912	\$11,063,868	\$14,751,824
11	Other	\$498,037,967	\$24,901,898	\$37,352,848	\$49,803,797
	Total	\$6,102,425,059	\$305,121,253	\$457,681,879	\$610,242,506

Source: U.S. Census; usatrade.census.gov; author calculations

The full operation of the port will be a stimulus to Oklahoma's export producing industries. The direct impact of the export stimulus is estimated to range from \$305.1 million to \$610.2 million with the direct impact spread across industries ranging from machinery manufacturing to electronic products manufacturing to food and animal products production. The total economic impact for each scenario is reported below.



Export Catalyst Impact: 5% Export Growth			
	Employment	Labor Income	Output
Direct Impact	1,525	\$86,327,527	\$305,121,253
Multiplier Impact	1,301	\$58,671,413	\$185,574,667
Total Impact	2,826	\$144,998,940	\$490,695,920
Export Catalyst Impact: 7.5% Export Growth			
	Employment	Labor Income	Output
Direct Impact	2,287	\$129,491,290	\$457,681,879
Multiplier Impact	1,952	\$142,007,120	\$278,362,001
Total Impact	4,239	\$271,498,410	\$736,043,880
Export Catalyst Impact: 10% Export Growth			
	Employment	Labor Income	Output
Direct Impact	3,049	\$172,655,053	\$610,242,506
Multiplier Impact	2,602	\$117,342,828	\$371,149,334
Total Impact	5,651	\$289,997,881	\$981,391,840

The economic impacts stemming from the export stimulus catalyst of the Oklahoma Air & Space Port range from 2,826 to 5,651 new jobs supported by \$145 million to \$290 million in new labor income with a total economic impact ranging from \$490.7 million to \$981.4 million.

The final layer of economic impacts is not captured in the current analysis. The full development and operations of the port will serve as a catalyst to regional economic development. As the port creates an anchor of activity between Oklahoma City and Amarillo in western Oklahoma, complementary economic development is expected. The impacts from this growth catalyst are important considerations but are not easily captured in input-output analysis.

Finally, a comment on the geography of the impacts presented above is helpful. All economic impacts are estimated for the state of Oklahoma, reflecting the potential of the project to create new demand for goods and services across the state. The export catalyst impacts are likely to be spread across the state according to the location of the export production.



Other impacts, including impacts to professional services, major vendors, and specialized consumer services (medical, recreational, etc.) will be concentrated in the state's metro areas. A significant portion of the impacts are likely to remain local to Burns Flat and surrounding communities.

The development and operations of the Oklahoma Air & Space Port will provide access for foreign imports to a dedicated air cargo facility with rail and freight access to nearly 20% of the U.S. population. For Oklahoma producers, the facility will provide easier access to foreign markets by reducing a barrier to exporting Oklahoma agricultural and manufactured products. The full development and operations of the port will exert economic impacts across the state.

Economic Impact Summary		The total economic impacts are estimated to range from 5,671 to 12,868 new jobs with \$330.9 million to \$767.6 million in new labor income. In total, the development and operations of the airpark are estimated to generate a total economic impact to the state ranging from \$1.1 billion to \$2.5 billion.	
Employment			
Low 5,671	High 12,868		
Labor Income			
Low \$330,867,049	High \$767,576,826		
Output			
Low \$1,073,377,593	High \$2,493,074,245		

ARDMORE INDUSTRIAL AIRPARK

The Ardmore Industrial Airpark is a former military airport located 16 miles northeast of Ardmore, Oklahoma. De-commissioned in the 1960s, the airpark and surrounding land has been developed by various investors and is currently operating in a public-private relationship as an intermodal logistics hub with transload, warehousing, air, truck and privately-owned rail facilities.

The Ardmore Development Authority owns and operates the Ardmore Industrial Airpark, which has recently undergone a \$15.6 million upgrade including control tower improvements and a runway extension to more than 9,000 ft., enough space to land larger aircraft like the Boeing 747-400 wide-body jet airliner.

The Ardmore Industrial Airpark is the only independent airpark in the U.S. with a federal (FAA) flight control tower. The airpark is located within Foreign Trade Zone #227 and a State Enterprise Zone and can become a U.S. Customs & Border Protection port of entry. Zoned heavy industrial, the airpark facility features multiple lot sizes and pad-ready sites available and approximately 1,500 acres of developable land.

The Ardmore Industrial Airpark is centrally located on the I-35 corridor at the midpoint between Oklahoma City and Dallas, within 500 miles of approximately 20% of the U.S. mainland population and a one-day trucking time to approximately 60 million people. Eighty-five percent of the U.S. can be reached within two days by truck.

Economic Impact: Ardmore Industrial Airpark

Estimates of the total economic impact are derived from an initial direct investment ranging from \$75 million to \$125 million.



Development Impacts: \$75 Million Capital Expenditure			
	Employment	Labor Income	Output
Direct Impact	629	\$33,446,793	\$75,000,000
Multiplier Impact	367	\$18,549,523	\$56,910,238
Total Impact	996	\$51,996,316	\$131,910,238

Development Impacts: \$100 Million Capital Expenditure			
	Employment	Labor Income	Output
Direct Impact	839	\$44,595,725	\$100,000,000
Multiplier Impact	489	\$24,732,696	\$75,880,317
Total Impact	1,328	\$69,328,421	\$175,880,317

Development Impacts: \$125 Million Capital Expenditure			
	Employment	Labor Income	Output
Direct Impact	1,049	\$55,744,656	\$125,000,000
Multiplier Impact	611	\$30,915,870	\$94,850,396
Total Impact	1,660	\$86,660,526	\$219,850,396

The economic impacts from development are attributable to construction, infrastructure improvements, and other large-scale expenditures. These expenditures tend to be labor intensive with much of the contract labor pulled from regional labor markets. The economic impacts from one-time development expenditures range from 996 to 1,660 new jobs supported by \$52 million to \$86.7 million in new labor income and a total statewide economic impact ranging from \$131.9 million to \$219.8 million. These impacts will occur one time as the initial development spending is a one-time expense. The impacts, however, will stretch across time according to the pattern of the development expenditures and the longevity of the multiplier process.

The next layer of economic impacts results from the operations of the airpark. Estimating the impacts from operations begins with an estimate of the new demand for cargo services. The new demand will be reflected in the revenue generated from airpark operations with the revenue generated in turn a function of the total pounds of cargo enplaned (quantity of services demanded) and revenue generated per pound enplaned (price per unit). Total direct revenue from operations are estimated for a range of cargo pounds enplaned and revenue per pound as presented below.



		Total Cargo Pounds Enplaned		
		300,000,000	350,000,000	400,000,000
Revenue per Pound	\$1.75	\$525,000,000	\$612,500,000	\$700,000,000
	\$2.50	\$750,000,000	\$875,000,000	\$1,000,000,000
	\$3.25	\$975,000,000	\$1,137,500,000	\$1,300,000,000

The low end of the estimates assumes 300,000,000 pounds of cargo enplaned at a revenue per pound of \$1.75 resulting in total revenue from operations of \$525 million. The high end of the estimates assumes 400,000,000 pounds of cargo enplaned at a revenue per pound of \$3.25 resulting in total revenue from operations of \$1.3 billion. A middle estimate results in a projected \$875 million in airpark operations revenue.

The grid presented above provides an easy visualization of the interplay of cargo enplanements and revenue per pound of cargo enplaned in determining the direct economic contribution of the airpark at full operations.

Cargo Port Operations Low: 300 M pounds enplaned @ \$1.75 Revenue per pound			
	Employment	Labor Income	Output
Direct Impact	1,572	\$159,509,541	\$525,000,000
Multiplier Impact	3,008	\$158,018,645	\$513,957,179
Total Impact	4,580	\$317,528,186	\$1,038,957,179

Cargo Port Operations Medium: 350 M pounds enplaned @ \$2.50 Revenue per pound			
	Employment	Labor Income	Output
Direct Impact	2,620	\$265,849,235	\$875,000,000
Multiplier Impact	5,014	\$263,364,408	\$856,595,299
Total Impact	7,634	\$529,213,643	\$1,731,595,299

Cargo Port Operations High: 400 M pounds enplaned @ \$3.25 Revenue per pound			
	Employment	Labor Income	Output
Direct Impact	3,893	\$394,976,007	\$1,300,000,000
Multiplier Impact	7,449	\$391,284,262	\$1,272,655,873
Total Impact	11,342	\$786,260,269	\$2,572,655,873



At full operations, the airpark would be a hub of economic activity in southern Oklahoma. Estimates of total employment impacts range from 4,580 to 11,342 supported by \$317.5 million to \$786.3 million in labor income with a total economic impact ranging from \$1 billion to \$2.6 billion for the state's economy.

A couple comments on the impacts from operations are important to note. First, the assumptions on the volume of cargo to pass through the operations is modest compared to major air cargo hubs such as Memphis and Hong Kong, which are among the most productive air cargo hubs. The upper end assumption of 400,000,000 pounds of cargo enplaned would represent less than 10% of the volume of Memphis and would rank the Ardmore Industrial Airpark well outside the top 10 U.S. airports in terms of cargo volumes. Second, the impacts are estimated from existing relationships between the air transportation sector and all other sectors of the state's economy. No attempt to adjust the multipliers have been made to reflect the specific nature of the airpark as a cargo rather than a passenger facility.

The final layer of economic impacts is the result of a catalyst effect as the airpark lowers the real cost of accessing foreign markets for Oklahoma producers. In doing so, the airpark facilitates new demand for Oklahoma exports from foreign buyers. The increased production of Oklahoma exports serves as a final source of direct economic impact with its own associated multiplier impacts.

The economic impacts from the export catalyst begins by returning to the list of primary agricultural and manufactured products exported in Oklahoma. Impacts are estimated for three scenarios ranging from an increase in the production of Oklahoma exports from 5% to 10% of the current baseline. The total direct impact by major industry is reported below for each scenario. The values in the final three columns serve as inputs to the economic impact models.



Oklahoma Exports by Industry					
Rank	Industry	Export Value 2018	5% Growth	7.5% Growth	10% Growth
1	333 Machinery	\$1,085,660,696	\$54,283,035	\$81,424,552	\$108,566,070
2	336 Transportation Equipment	\$1,059,637,617	\$52,981,881	\$79,472,821	\$105,963,762
3	334 Computers & Electronics	\$894,190,633	\$44,709,532	\$67,064,297	\$89,419,063
4	325 Chemicals	\$655,332,778	\$32,766,639	\$49,149,958	\$65,533,278
5	332 Fabricated Metal	\$512,520,268	\$25,626,013	\$38,439,020	\$51,252,027
6	335 Electrical Equipment, Appliances	\$370,681,466	\$18,534,073	\$27,801,110	\$37,068,147
7	311 Food & Kindred Products	\$353,611,068	\$17,680,553	\$26,520,830	\$35,361,107
8	111 Agricultural Products	\$289,015,679	\$14,450,784	\$21,676,176	\$28,901,568
9	331 Primary Metal Mfg.	\$236,218,644	\$11,810,932	\$17,716,398	\$23,621,864
10	326 Plastics & Rubber Products	\$147,518,243	\$7,375,912	\$11,063,868	\$14,751,824
11	Other	\$498,037,967	\$24,901,898	\$37,352,848	\$49,803,797
Total		\$6,102,425,059	\$305,12 1,253	\$457,681,879	\$610,242,506

Source: U.S. Census; usatrade.census.gov; author calculations

The full operations of the airpark will be a stimulus to Oklahoma's export producing industries. The direct impact of the export stimulus is estimated to range from \$305.1 million to \$610.2 million with the direct impact spread across industries ranging from machinery manufacturing to electronic products manufacturing to food and animal products production. The total economic impact for each scenario is reported below.

Export Catalyst Impact: 5% Export Growth			
	Employment	Labor Income	Output
Direct Impact	1,525	\$86,327,527	\$305,121,253
Multiplier Impact	1,301	\$58,671,413	\$185,574,667
Total Impact	2,826	\$144,998,940	\$490,695,920
Export Catalyst Impact: 7.5% Export Growth			
	Employment	Labor Income	Output
Direct Impact	2,287	\$129,491,290	\$457,681,879
Multiplier Impact	1,952	\$142,007,120	\$278,362,001
Total Impact	4,239	\$271,498,410	\$736,043,880
Export Catalyst Impact: 10% Export Growth			
	Employment	Labor Income	Output
Direct Impact	3,049	\$172,655,053	\$610,242,506
Multiplier Impact	2,602	\$117,342,828	\$371,149,334
Total Impact	5,651	\$289,997,881	\$981,391,840

The economic impacts stemming from the export stimulus catalyst of the airpark range from 2,826 to 5,651 new jobs supported by \$145 million to \$290 million in new labor income with a total economic impact ranging from \$490.7 million to \$981.4 million.

The full development and operations of the airpark will serve as an accelerant to regional economic growth as the airpark creates density in southern Oklahoma and further connects the Oklahoma City and Dallas metropolitan areas.



All economic impacts are estimated for the state of Oklahoma, reflecting the potential of the project to create new demand for goods and services across the state. The export catalyst impacts are likely to be spread across the state according to the location of the export production. Other impacts, including impacts to professional services, major vendors, and specialized consumer services (medical, recreational, etc.) will be concentrated in the state's metro areas. A significant portion of the impacts are likely to remain local to Ardmore and surrounding communities.

The development and operations of the Ardmore Industrial Airpark will provide access for foreign imports to a dedicated air cargo facility with rail and freight access to nearly 20% of the U.S. population. For Oklahoma producers, the facility will provide easier access to foreign markets by reducing a barrier to exporting Oklahoma agricultural and manufactured products. The full development and operations of the airpark will exert economic impacts across the state. The total economic impacts are estimated to range from 8,402 to 18,653 new jobs with \$514.5 million to \$1.2 billion in new labor income. In total, the development and operations of the airpark are estimated to generate a total economic impact to the state ranging from \$1.7 billion to \$3.8 billion.



CASE STUDY: Commercial Development in Texas County

Real estate development in rural counties serves both to retain economic activity in the local community and attract activity from surrounding rural areas. Facilitating growth in the home community often requires infrastructure upgrades to accommodate the development. Evaluating the community benefits from infrastructure upgrades relies on a better understanding of the potential economic impacts of the development. To illustrate the relationship between infrastructure improvements and economic activity, a case study is presented for Texas County, Oklahoma and its county seat of Guymon.

A review of the Texas County economy and patterns of rural economic patterns in Oklahoma is presented first, followed by an estimate of the economic impact of the commercial construction necessary to improve the utility infrastructure in Guymon. Next, a representative commercial development is presented along with the estimated economic impacts from development and full operation of the businesses that comprise the development. Brief comments conclude the report.

Rural Economic Activity and the Texas County Economy

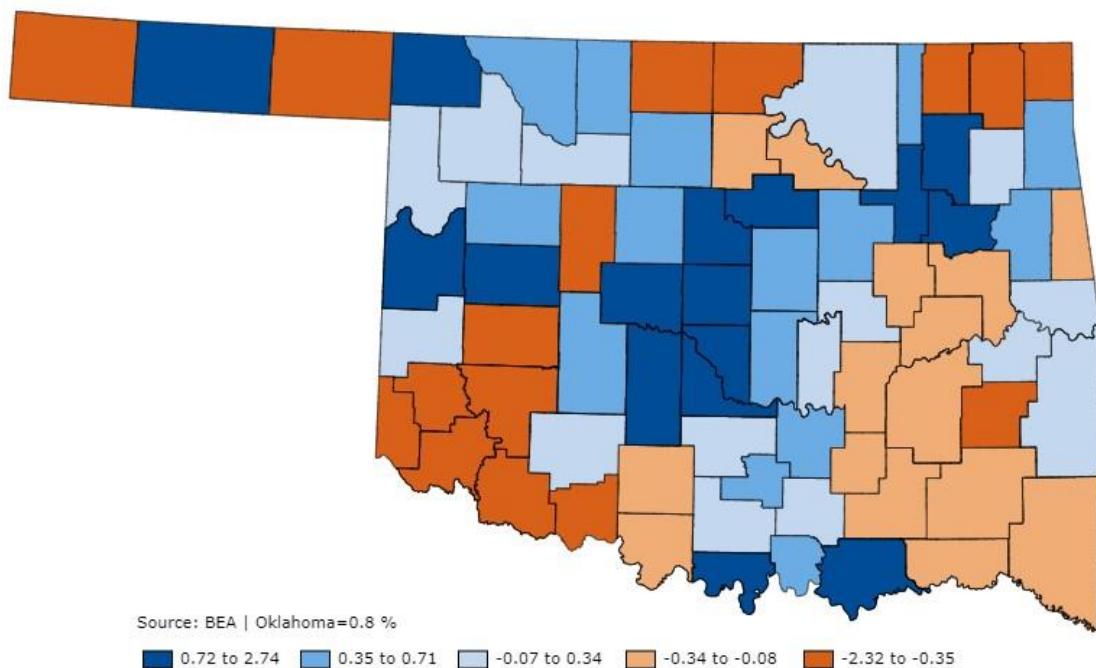
Across the U.S., people and economic activity are moving south and west and locating in dense, urban centers of economic activity. The ease with which productive resources and consumption goods move around the globe is often described as a flattening world. The reality of a flat world, however, is that it creates dense pockets of fast-growing economic activity and productivity and rural economic deserts that struggle to retain people and economic activity. Oklahoma is relatively rural with its legacy as an agricultural and energy state, with the growing influence of Native American-driven commercial activity pushing back against the forces of



geography and providing much needed economic opportunities in rural Oklahoma. The result is a state that while urbanizing, is still less urbanized than the nation as a whole and less urbanized than many of the surrounding states.

Rural counties are more likely to experience population and economic growth if they are either located near the fast-growing I-35 corridor or in the middle of active oil and natural gas production. This mix of industry and geography is crucial to understanding the economic fate of Oklahoma counties. The maps below summarize the compound average annual growth rates of population growth by county in Oklahoma over two periods.

County Population Growth: Compound Average Annual Growth Rate 2007 - 2017

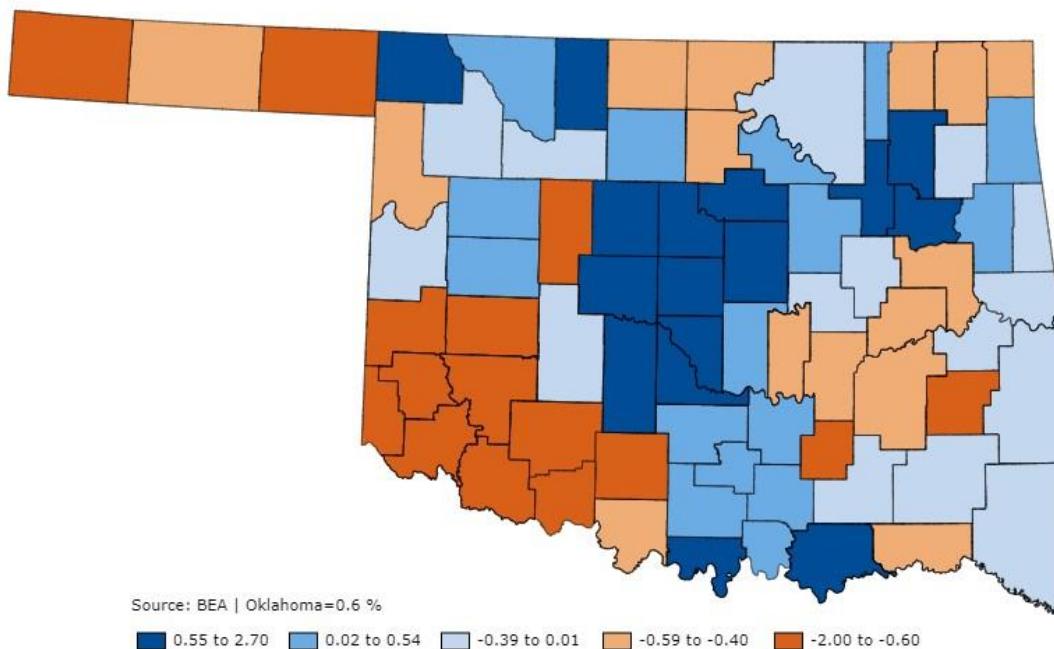


Over the last ten years, population growth has centered along the I-35 corridor and in the state's productive STACK and SCOOP oil fields. All counties in very light blue to orange experienced either no population growth or declining populations over the period. The fastest growing county over this time period, Canadian County, enjoys a healthy mix of influence from both geography and industry. While growing slower in terms of population, the counties

along the southern edge of the Oklahoma City Metropolitan Area are growing faster in terms of total economic activity (employment, business formation, wages, etc.).

Texas County sits in the state's panhandle between Cimarron County to the west and Beaver County to the east. Texas County experienced a compound average annual growth rate of 0.8% over the ten years. Crude oil prices collapsed during the financial crisis recession in 2008 but quickly recovered as the worst of the global economic fears subsided. Prices fell abruptly in the fall of 2014 leading to a multi-year period of economic distress in Oklahoma. The collapse in energy prices combined with broad stress to farm incomes across the state muted the influence of industry on patterns of population growth.

County Population Growth: Compound Average Annual Growth Rate 2012 - 2017



Muting the influence of industry (both energy and agricultural) and leaving population trends to be governed by geography exposed much of the state's rural counties to population losses. Texas County averaged an annual population decline of -0.6% over this period. Removing the influence of industry and leaving only the influence of geography underscores the challenge

facing rural counties in Oklahoma. As these patterns of urbanization continue, the economic gap between rural and urban areas will expand. Within rural areas, some communities will emerge as self-sufficient, maintaining just enough mass of people and economic activity to survive while others will slowly yield to the inevitable decline that geography imposes on them.

Rural economic survival likely entails attracting and retaining people into the local economy. Attracting people will provide a labor and consumer resource base that makes small scale business development possible. Connecting these workers and consumers to the outside economy both physically and virtually using technology will minimize the cost of physical separation from urban economies. By minimizing the costs of separation and maximizing the benefits offered through a community-focused rural lifestyle, some rural communities will emerge as economically viable in the new economy.

Texas County Employment 2012-2017			
Sector	2012	2017	5-Year Growth
Total Covered	9,659	9,769	1.1%
Total Private	8,003	8,074	0.9%
Goods Producing	4,396	4,340	-1.3%
Mining	3,894	3,822	-1.8%
Construction	388	386	-0.5%
Manufacturing	113	131	15.9%
Services Producing	3,608	3,735	3.5%
Trade, Transport, Utilities	1,381	1,501	8.7%
Information	222	249	12.2%
Financial Activities	257	261	1.6%
Professional, Business Services	633	618	-2.4%
Education and Health	271	282	4.1%
Leisure Activities	698	709	1.6%
Other Services	146	114	-21.9%
Number of Establishments	493	519	5.3%
Average Weekly Wage	\$712	\$775	8.8%
Average Annual Pay	\$37,000	\$40,310	8.9%

Source: BLS Quarterly Census of Employment and Wages



Despite modest population declines, total employment in Texas County increased by about 100 workers over the five-year period from 2012 to 2017. Goods production (mining, construction and manufacturing) employment fell over the period with jobs gained in manufacturing offset by jobs lost in mining. Services employment gained over the period with the strongest absolute gains in the Trade, Transport, Utilities sector. The number of business establishments increased by 26 while the average weekly wage increased from \$712 in 2012 to \$775 in 2017. The average annual wage paid to Texas County workers increased from \$37,000 to \$40,310 over the period.

Texas County personal income was \$937 million in 2017, spread across a population of 20,900 county residents for a per capita income of \$44,861. Total county employment in 2017 reached 12,774 including 3,118 self-employed with an average nonfarm proprietors' income of \$33,244 and a combined average earnings per job of \$55,996.

Texas County Economic Profile	
Variable	2017
Total Personal Income	\$937,587,000
Population	20,900
Per Capita Personal Income	\$44,861
Total Employment	12,774
Average Earnings per Job	\$55,996
Proprietors employment	3,118
Average nonfarm proprietors' income	\$33,244

Source: Bureau of Economic Analysis

The economic profile of Texas County reveals the challenges facing rural Oklahoma economies. Organic opportunities for significant economic development are rare as they run counter to the natural forces of economic geography. When opportunities do present, local governments are tasked with balancing the necessary public investment to launch the development against the potential economic returns. Building on the Texas County case study, the economic impacts from an infrastructure improvement project are estimated. The improvements are then assumed to be the trigger that allows broader economic development



to occur. In this case, the development is assumed to be a real estate development with mixed commercial uses.

Economic Impact of Infrastructure Improvements

The infrastructure improvement is often modest in nature compared to the economic project it facilitates. In this case, the infrastructure investment is assumed to consist of a modest commercial construction project to develop road and utility improvements to support the project. Total direct investment is estimated to range from \$1.5 million to \$2.5 million with the anticipated economic impacts reported below.

The direct investment in infrastructure improvements is estimated to support 13 to 22 new jobs and \$800,000 to \$1.3 million in labor income with a total direct economic impact ranging from \$1.5 million to \$2.5 million. Accounting for all spillover, or multiplier economic impacts, the project is estimated to support a total of 17 to 28 new jobs, \$921,000 to \$1.5 million in labor income with a total county economic impact of \$2 million to \$3.3 million.

Infrastructure Investment: \$1.5 Million			
	Employment	Labor Income	Output
Direct Impact	13	\$799,394	\$1,528,756
Multiplier Impact	3	\$122,172	\$471,990
Total Impact	17	\$921,566	\$2,000,746

Infrastructure Investment: \$2 Million			
	Employment	Labor Income	Output
Direct Impact	18	\$1,065,858.67	\$2,038,341.33
Multiplier Impact	5	\$162,896.00	\$629,320.00
Total Impact	22	\$1,228,754.67	\$2,667,661.33

Infrastructure Investment: \$2.5 Million			
	Employment	Labor Income	Output
Direct Impact	22	\$1,332,323.33	\$2,547,926.67
Multiplier Impact	6	\$203,620.00	\$786,650.00
Total Impact	28	\$1,535,943.33	\$3,334,576.67

Source: Implan; Author Calculations



The investment in an infrastructure upgrade is a means to support private sector investment in commercial development and the business operations of that development. The development in this case study is assumed to be a 50,000-square-foot (SQFT) facility with 20,000 SQFT of retail space, 20,000 SQFT of limited service restaurant space, and 10,000 SQFT of office space. Impact estimates are reported for a range of operating outcomes for each commercial use.

Economic Impact of Commercial Development and Operations

The commercial development is assumed to cost \$125 per SQFT across a 50,000 SQFT development. The construction activity associated with development is estimated to support a total of 70 jobs with \$3.2 million in new labor income, exerting a total economic impact on Texas County of \$8.1 million.

Commercial Construction Impacts			
	Employment	Labor Income	Output
Direct Impact	58	\$2,726,160	\$6,369,820
Multiplier Impact	12	\$436,227	\$1,720,147
Total Impact	70	\$3,162,387	\$8,089,967

The retail operations exert the smallest economic impact as the local value-added contribution is often limited to providing the retail service. The manufacture and distribution of the goods sold at retail often occur outside of the local economy. As such, only a portion of the total revenue from retail sales is treated as a direct economic impact to the county. As Oklahoma municipalities are reliant on sales taxes to support the local public sector, the economic impacts often underestimate the full importance of the activity. Impacts from retail operations are reported for estimated sales per SQFT ranging from \$100 to \$150. The retail operations are estimated to support 10 to 15 new jobs in the economy with \$270,093 to \$405,140 in new labor income with a total economic impact of \$731,523 to \$1.1 million.

Retail Operations Impact: \$100/SQFT			
	Employment	Labor Income	Output
Direct Impact	8	\$217,589	\$542,697



Multiplier Impact	2	\$52,504	\$188,826
Total Impact	10	\$270,093	\$731,523
Retail Operations Impact: \$125/SQFT			
	Employment	Labor Income	Output
Direct Impact	10	\$271,986	\$678,371
Multiplier Impact	3	\$65,630	\$236,033
Total Impact	13	\$337,616	\$914,404
Retail Operations Impact: \$150/SQFT			
	Employment	Labor Income	Output
Direct Impact	12	\$326,384	\$814,046
Multiplier Impact	3	\$78,756	\$283,239
Total Impact	15	\$405,140	\$1,097,285

Restaurant operations are assumed to occupy 20,000 SQFT and offer limited service. Impacts from operations are estimated for direct production ranging from \$300 to \$400 of restaurant sales per square foot.

Restaurant Operations Impact: \$300/SQFT			
	Employment	Labor Income	Output
Direct Impact	82	\$1,479,447	\$6,089,343
Multiplier Impact	12	\$494,827	\$1,741,318
Total Impact	94	\$1,974,274	\$7,830,661
Restaurant Operations Impact: \$350/SQFT			
	Employment	Labor Income	Output
Direct Impact	96	\$1,726,022	\$7,104,234
Multiplier Impact	14	\$577,298	\$2,031,538
Total Impact	110	\$2,303,320	\$9,135,771
Restaurant Operations Impact: \$400/SQFT			
	Employment	Labor Income	Output
Direct Impact	109	\$1,972,596	\$8,119,124
Multiplier Impact	16	\$659,769	\$2,321,757
Total Impact	125	\$2,632,365	\$10,440,881

Restaurant operations are estimated to support 94 to 125 new jobs with \$2 million to \$2.6 million in new labor income and a total economic impact on the county of \$7.8 million to \$10.4 million.

Finally, the development is assumed to have 10,000 SQFT of office space dedicated to providing professional business services (legal, accounting, etc.). It is assumed that employment per square foot ranges from 300 (or 33 employees) to 200 jobs per square foot (50 employees). The total economic impact associated with the production of these professional and business services are reported below.

Business Operations: 33 Direct Employees			
	Employment	Labor Income	Output
Direct Impact	33	\$2,026,218	\$3,423,138
Multiplier Impact	10	\$334,106	\$1,096,884
Total Impact	43	\$2,360,324	\$4,520,022
Business Operations: 40 Direct Employees			
	Employment	Labor Income	Output
Direct Impact	40	\$2,431,705	\$4,108,176
Multiplier Impact	12	\$400,967	\$1,316,392
Total Impact	52	\$2,832,672	\$5,424,569
Business Operations: 50 Direct Employees			
	Employment	Labor Income	Output
Direct Impact	50	\$3,039,631	\$5,135,221
Multiplier Impact	15	\$501,209	\$1,645,491
Total Impact	65	\$3,540,840	\$6,780,711

Business operations within the development support an additional 43 to 65 new jobs with \$2.4 to \$3.5 million in new labor income, exerting a total economic impact on the county of \$4.5 million to \$6.8 million.

Conclusion

Opportunities for significant development in rural economies are increasingly rare as the natural forces of economic geography push activity to dense, urban areas. If successful, however, the realized economic impacts can be significant relative to the size of the economy.



In this illustration, an infrastructure investment with modest economic impacts (17 to 28 new one-time jobs) made possible private development supporting another 70 one-time jobs. More importantly, however, is the recurring jobs that the economic activity of the development retains and attracts. In this illustration, a modest development consisting of retail, restaurant, and business space supported 147 to 204 permanent, recurring jobs. Put in context, the recurring job gains from one development of this magnitude would be more than the total job gains in Texas County during the 2012 to 2017 period.

INCENTIVES, CREDITS, PROGRAMS

OKLAHOMA QUALITY JOBS PROGRAM – 10 YEAR CASH INCENTIVE

Companies can directly receive up to 5% of total payroll in the form of quarterly cash payments for up to ten years. Companies qualify if they are central administrative offices, manufacturers, research and development agencies (including wind power manufacturers), distribution centers (with 40 percent out-of-state delivery) or certain service companies (with out-of-state sales exceeding 75 percent of total sales) and must achieve a payroll (within three years) of \$2.5 million or more.

OKLAHOMA QUALITY JOBS – HIGH IMPACT PROGRAM

Lowers annualized payroll threshold to \$1 million for businesses that produce new direct jobs to the State that are equal to or greater than 1% of the total labor force of the county in which they locate. Payout is 2.5% of taxable wages for 6 years.

OKLAHOMA QUALITY JOBS – SMALL EMPLOYER PROGRAM

Allows qualifying small businesses (90 employees or less) to receive up to 5% cash-back incentive for up to 7 years to locate or expand in Oklahoma.

21st CENTURY QUALITY JOBS INCENTIVE PROGRAM – 10 YEAR CASH INCENTIVE

Created to attract growth industries by rewarding businesses with a highly skilled workforce. Provides cash back up to 10% on new payroll for up to 10 years, or twice the Net Benefit of the Quality Jobs program. The new jobs must pay an average wage of the lesser of \$94,418 or 300% of the county's average wage. This incentive targets knowledge-based service industries, such as professional, scientific and technical services, specialty hospitals, music, film, and performing arts. Out-of-state sales must be 50%.



INVESTMENT/NEW JOBS TAX CREDITS

Provides growing manufacturers a significant tax credit based on either an investment in depreciable property OR on the addition of full-time equivalent employees engaged in manufacturing, processing, or aircraft maintenance. A five-year tax credit on the greater of 1% per year of investment in qualified property or a credit of \$500 per year per new job, doubled in an Enterprise Zone.

QUALITY JOBS & INVESTMENT TAX CREDIT

Prior to January of 2010, qualifying companies had to choose either the Quality Jobs Program OR the Investment/New Jobs Tax Credit benefits. As of January 1, 2010, companies have the option of receiving both incentives.

FIVE-YEAR AD VALOREM TAX EXEMPTION

This exemption is for new, expanded or acquired manufacturing, research/development or specific computer/data processing service facilities. Real estate, machinery and equipment used directly in the manufacturing process are also eligible. The exemption requires a minimum capital investment of \$250,000; \$250,000 in annual payroll in small counties and \$1 million payroll in large counties. If a \$7 million investment is made in new facilities for certain computer service companies or web portals, there is no additional payroll requirements, provided that the current payroll is maintained.

CUSTOMIZED EMPLOYEE TRAINING

Consistently ranked as one of the top programs in the nation, Oklahoma's Training for Industry Program (TIP) provides customized training and resources to qualifying new and expanding Oklahoma companies at little or no cost to the company. Delivered through the state's Career Technology Centers, TIP ensures that companies have a productive workforce from the start.

OTHER ASSISTANCE PROGRAMS

Additional assistance programs include: Sales Tax exemptions, Foreign Trade Zones, Financing Programs, Export Assistance, Government Contracting Assistance, New Market Tax Credits, Former Indian Lands Tax Credit, Aerospace Industry Engineer Workforce Tax Credit, OK Community ED Pooled Financing for infrastructure-related construction, CDBG/EDIF, Limited Industrial Road Assistance, and Oklahoma City's new Emerging Technology Fund (ETF). Contact Chamber staff for more on any of these programs.



RECRUITMENT RESOURCES

To facilitate the recruitment process, the Oklahoma Employment Securities Commission (OESC) will pre-screen eligible applicants to meet the specifications outlined within job descriptions, test applicants for aptitudes in specific skills and provide any personnel functions necessary to ensure recruitment success.

