

1 STATE OF OKLAHOMA

2 1st Session of the 60th Legislature (2025)

3 COMMITTEE SUBSTITUTE
FOR
4 HOUSE BILL NO. 2402

By: Fetgatter

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7 COMMITTEE SUBSTITUTE

8 [revenue and taxation - Oklahoma Advanced
9 Manufacturing Incentive Act of 2025 - establishing
10 time period - eligibility requirements -
11 collaboration - effective date -
12 emergency]

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16 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

17 SECTION 1. NEW LAW A new section of law not to be
18 codified in the Oklahoma Statutes reads as follows:

19 This act shall be known and may be cited as the "Oklahoma
20 Advanced Manufacturing Incentive Act of 2025".

21 SECTION 2. NEW LAW A new section of law not to be
22 codified in the Oklahoma Statutes reads as follows:

23 The Oklahoma Advanced Manufacturing Incentive Act of 2025 shall
24 establish a tax incentive and direct grant program to attract

1 manufacturers of low-grade waste heat electrification technology to
2 Oklahoma. This program is intended to encourage investment, job
3 creation, and energy sector expansion.

4 SECTION 3. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 4520 of Title 68, unless there
6 is created a duplication in numbering, reads as follows:

7 A. Eligible manufacturers, as defined by subsection D of this
8 section, entering the low-grade waste heat electrification
9 technology market shall qualify for Oklahoma state corporate income
10 tax abatements. The tax abatements shall be tiered as follows:

11 1. Tier 1: Manufacturers who invest Ten Million Dollars
12 (\$10,000,000.00) or more and the creation of at least fifty jobs in
13 Oklahoma shall receive up to thirty percent (30%) abatement on
14 corporate income taxes for five (5) years; and

15 2. Tier 2: Manufacturers who invest Twenty Million Dollars
16 (\$20,000,000.00) or more and the creation of at least one hundred
17 jobs in Oklahoma shall receive up to fifty percent (50%) abatement
18 on corporate income taxes for five (5) years.

19 Both Tier 1 and Tier 2 abatements shall be renewable for an
20 additional five-year period, contingent upon compliance and
21 continued investment.

22 B. The Oklahoma Department of Commerce is authorized to
23 administer a direct grant program which shall be capped at Twenty
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1 Million Dollars (\$20,000,000.00) over five (5) years. The grants
2 shall be prioritized as follows:

- 3 1. Manufacturing facilities located in areas qualifying for the
4 federal New Markets Tax Credit or within existing manufacturing hubs
5 as defined by the United States Department of Commerce; and
6 2. Projects with substantial contributions to Oklahoma's energy
7 sector and the state's economy.

8 C. The total amount of incentives provided under this act in
9 any fiscal year shall not exceed Eight Million Dollars
10 (\$8,000,000.00). Any unused funds in any fiscal year shall roll
11 over to subsequent years within the program's five-year term.

12 D. To qualify for incentives under this act, manufacturers
13 shall meet the following criteria:

14 1. Establish new manufacturing operations in Oklahoma for the
15 production of low-grade waste heat electrification technology,
16 defined as technology recovering waste heat below two hundred (200)
17 degrees Celsius or four hundred (400) degrees Fahrenheit and
18 incorporating advanced heat exchangers (HXs) for OEM applications;
19 and

20 2. Submit an eligibility application to the Oklahoma Department
21 of Commerce, including:

- 22 a. business and operational plans, and
23 b. investment and job creation commitments.

1 E. The recipients of any incentive provided under this act
2 shall file an annual report with the Oklahoma Department of Commerce
3 detailing the total dollar amount of investments made, number of
4 jobs created and retained, and progress and contributions to the
5 state's energy and economic development goals. The Oklahoma
6 Department of Commerce shall compile an annual program performance
7 report for submission to the Governor and the Legislature.

8 F. The Oklahoma Department of Commerce shall collaborate with
9 state educational institutions and workforce development agencies to
10 develop training programs tailored to low-grade waste heat
11 electrification technology manufacturing and ensure a skilled labor
12 pool is available to support the sector's growth.

13 G. The Oklahoma Department of Commerce shall promulgate
14 administrative rules within ninety (90) days of this act's effective
15 date to ensure transparent and efficient implementation.

16 H. This act shall cease to have the force and effect of law on
17 July 1, 2030.

18 SECTION 4. This act shall become effective July 1, 2025.

19 SECTION 5. It being immediately necessary for the preservation
20 of the public peace, health or safety, an emergency is hereby
21 declared to exist, by reason whereof this act shall take effect and
22 be in full force from and after its passage and approval.

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