Brownfields
Financial Incentives

The availability of capital, especially for financing site cleanup remains the biggest challenge to brownfields reuse. Oklahoma works to address this by establishing financial incentives using direct financing tools, indirect financial assistance and tax incentives.

Oklahoma Quality Jobs Act

The Quality Jobs Program makes cash payments to qualifying businesses that create jobs by opening or expanding operations in Oklahoma. A no payroll threshold applies to basic industries that locate their principal business activities on contaminated properties of at least ten acres. These properties must qualify as a federal Superfund removal site, a National Priorities List (NPL or Superfund) site, a site formally deferred to the state in lieu of NPL listing, or a site that was remediated pursuant to an order of the Oklahoma Department of Environment Quality (including Brownfields). Incentive payments are up to 5 percent of new payroll for up to 10 years. Businesses must offer basic health insurance coverage and meet a minimum wage requirement.

Brownfields Community Reinvestment Act

In 1977, Congress enacted the Community Reinvestment Act (CRA) to require banks and other lenders to make capital available in low- and moderate-income communities. Lenders subject to the Community Reinvestment Act can claim community development loan credits for loans made to help finance environmental cleanup or redevelopment at industrial sites.

Oklahoma Sales Tax Code Exemptions

The Oklahoma Sales Tax Code allows an exemption for machinery, equipment, fuels and chemicals incorporated into the treatment process to substantially reduce the volume or harmful properties of hazardous waste at facilities approved by DEQ for the cleanup of contamination.

Oklahoma Brownfields Cleanup Revolving Loan Fund

This fund provides low interest loans to private industry, local governments and tribes for the cleanup of properties contaminated by hazardous substances or petroleum. Periodically, DEQ may sponsor grant competitions for governmental entities and nonprofit organizations.
Brownfields Financial Incentives

Federal Tax Incentives for Brownfields

- **New Markets Tax Credits** – allow investors to deduct 39 percent of their investment in Community Development Entities from federal income taxes.

- **Low Income Housing Tax Credits** – an indirect federal subsidy that can be used to finance the development of affordable rental housing for low-income households.

- **Rehabilitation Tax Credits** – a 10 percent tax credit is available for the rehabilitation of non-historic buildings placed into service before 1936. The building must be rehabilitated for non-residential use.

- **Historic Tax Credits** – a 20 percent tax credit is available for the rehabilitation of income-producing buildings that are determined by the Secretary of the Interior to be **certified historic structures**.

- **Investment Tax Benefits for Economic Development in Opportunity Zones** – investors can defer tax on any prior gains until the date the investment is sold or exchanged, or December 31, 2026, so long as the gain is reinvested in a Qualified Opportunity Fund. Or, if an investor holds the investment in the Opportunity Fund for at least ten years, the investor can sell the investment free of capital gains tax. To become a Qualified Opportunity Fund, an eligible taxpayer self-certifies.

Clean Water State Revolving Loan Fund and Drinking Water State Revolving Fund

These funds can be used to address water quality aspects at brownfield sites and assessment and construction of drinking water infrastructure at brownfields.

Water Infrastructure Finance and Innovation Act

In 2014, Congress established the Water Infrastructure Finance and Innovation Act (WIFIA) to offer low-cost supplemental financing of water and wastewater infrastructure projects which can address water quality aspects of brownfields.

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