



RESEARCH & DEVELOPMENT INVESTMENTS BOOST INNOVATIVE ECONOMIES

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States compete in three areas: low costs, efficiency, and innovation. Research and development (R&D) is vital to an innovative economy. R&D investments can boost the education level of the population, can create jobs, can increase the income per capita, and can boost economic growth. Measures of an innovative economy include [rate of patenting](#) and GDP per capita.

Thirty-eight states provide R&D credit of some kind. Oklahoma is not one. Of the 38 state R&D credits, 3 states have industry-specific credits, 24 have general credits, and 7 have both industry-specific and general credits. The industry-specific credits are for technology, life sciences, energy, biotech, and agriculture.

All of Oklahoma's surrounding states have R&D credit. All surrounding states, but Arkansas, have a higher patenting rate per 10,000 workers and GDP per capita than Oklahoma. Oklahoma's patent rate is 2.39, and its GDP per capita of \$62,690.

State	Credit	2023 Patent rate per 10K	2023 GDP per capita
Arkansas	R&D income tax credit incentive is 20% tax credit for in-house research employee wages, with a 10% bump for certain industries	2.03	\$57,450
Colorado	An income tax credit to businesses within an Enterprise Zone that increases R&D spending by 3%	8.75	\$88,538
Kansas	A credit of 10% of the difference between R&D spending and the average of expenses over the previous two years	4.31	\$76,861
Missouri	A research expense tax credit for 15% of new research expenses, and provides a 5% increase should the company be working with one of the universities	3.28	\$68,156
New Mexico	A tax credit for increases in technology job payroll by \$75,000 over \$1,000,000	4.19	\$63,684
Texas	A sales tax credit for tangible personal property bought and used in R&D	5.83	\$84,040

North Carolina's state R&D incentive expired in 2015, but before that, North Carolina's focus and investment on R&D created the Research Triangle Park. In the 1950's, North Carolina was [ranked poorly in income per capita](#) so state and local governments set out to invest and encourage companies to locate their R&D between North Carolina's three major universities, forming what is not called the Research Triangle. The Research Triangle Park houses over [250 companies, \\$300 million in R&D investments, and 50,000 employees](#). In 2020, North Carolina had a patent rate of 10.4 percent per 10,000 workers.