

1 STATE OF OKLAHOMA

2 2nd Session of the 59th Legislature (2024)

3 SENATE BILL 1404

By: Hall

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6 AS INTRODUCED

7 An Act relating to income tax credit; defining terms;  
8 providing credit to certain landlords for the rental  
9 of certain dwelling units; providing credit amount;  
10 limiting amount of eligible units on certain parcels;  
11 requiring the Oklahoma Housing Finance Agency to  
12 administer and issue the credit; requiring  
13 application for credit eligibility; directing the  
14 Agency to make certain determinations; requiring  
15 issuance of written certification; prohibiting  
16 refundability of credit; authorizing the carry-  
17 forward of credit for certain period; prescribing  
18 allocation of credits earned by certain entities;  
19 requiring the Oklahoma Tax Commission to adjust  
20 credit amount under certain circumstance; requiring  
21 publishing of credit adjustment; prescribing formula  
22 for credit adjustment; requiring the Commission to  
23 permit certain excess credit; requiring the  
24 promulgation of rules; providing for codification;  
and providing an effective date.

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

SECTION 1. NEW LAW A new section of law to be codified  
in the Oklahoma Statutes as Section 2357.407 of Title 68, unless  
there is created a duplication in numbering, reads as follows:

A. As used in this section:

1        1. " Dwelling unit " means an individual housing unit in an  
2 apartment building, an individual housing unit in multi-family  
3 residential housing, a single-family residence, or any similar  
4 individual housing unit;

5        2. " Eligible census tract " means a federal census tract in this  
6 state in which fifteen percent (15%) or less of the population lives  
7 below the poverty level, as defined by the federal government;

8        3. " Housing authority " means a housing authority created  
9 pursuant to the Oklahoma Housing Authorities Act of Section 1051 et  
10 seq. of Title 63 of the Oklahoma Statutes or other government  
11 agencies authorized by the federal government under the United  
12 States Housing Act of 1937, 42 U.S.C., Section 1437 et seq. to  
13 administer a housing choice voucher program, or the authorized agent  
14 of the housing authority that is authorized to act on behalf of the  
15 authority;

16        4. " Housing choice voucher " means tenant-based assistance by a  
17 housing authority pursuant to 42 U.S.C., Section 1437f;

18        5. " Participating landlord " means any person engaged in the  
19 business of renting dwelling units and who is subject to the  
20 provisions of the Oklahoma Residential Landlord and Tenant Act of  
21 Section 101 et seq. of Title 41 of the Oklahoma Statutes;

22        6. " Qualified housing unit " means a dwelling unit that is  
23 located in an eligible census tract for which a portion of the rent  
24 is paid by a housing authority or an otherwise eligible tenant;

1       7. "Eligible tenant" means an individual or individuals whose  
2 rent, or a portion thereof, is paid by a housing authority pursuant  
3 to a housing choice voucher or who is otherwise considered hard to  
4 house; and

5       8. "Hard to house" means a family with four (4) or more  
6 children, or a family with a disabled member, or an individual or  
7 family that experiences barriers to housing including but not  
8 limited to poor credit history, criminal background history, or a  
9 history of housing evictions.

10       B. For tax year 2025 and subsequent tax years, a participating  
11 landlord renting a qualified housing unit to an eligible tenant  
12 shall be eligible for a credit against the tax imposed by Section  
13 2355 of Title 68 of the Oklahoma Statutes in an amount equal to ten  
14 percent (10%) of the fair market value of rent for the unit, as  
15 computed for that tax year or portion of that tax year in which the  
16 unit was rented by the participating landlord to an eligible tenant.

17       C. If a parcel of real property contains four (4) or more  
18 dwelling units and the total number of qualified housing units on  
19 that parcel exceeds twenty-five percent (25%) of the total dwelling  
20 units, then only twenty-five percent (25%) of the qualified housing  
21 units on that parcel of real property shall be eligible for the  
22 credit provided by this section.

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1 D. The Oklahoma Housing Finance Agency shall administer the  
2 provisions of this section and issue the tax credits authorized  
3 pursuant to this section.

4 E. Participating landlords shall apply to the Oklahoma Housing  
5 Finance Agency to be eligible to receive the tax credit provided  
6 pursuant to this section. The Agency shall determine the amount of  
7 credit allowable to the participating landlord for the tax year and  
8 shall determine the fair market value of the rent for the qualified  
9 housing unit which shall be based upon the determination of fair  
10 market value of rent by the applicable housing authority providing  
11 assistance through the housing choice voucher program for the  
12 qualified housing unit or the procedures used to make the  
13 determination by the United States Department of Housing and Urban  
14 Development. Upon the issuance of credit pursuant to this section,  
15 the Agency shall provide written certification of the issuance to  
16 the participating landlord which shall be used as verification to  
17 claim the tax credit.

18 F. The credit authorized by this section shall not be used to  
19 reduce the tax liability of the taxpayer to less than zero (0). Any  
20 credit allowed but not used in a tax year may be carried forward for  
21 a period not to exceed five (5) tax years. Credits issued to a  
22 general partnership, limited liability partnership, limited  
23 liability company, trust, or a corporation that for the applicable  
24 tax years is treated as an S corporation under the Internal Revenue

1 Code shall be allocated to the partners, members, or shareholders in  
2 proportion to their ownership or interest in the entity.

3 G. For tax year 2027 and subsequent tax years, the total amount  
4 of credits authorized by this section used to offset tax shall be  
5 adjusted annually to limit the annual amount of credits to Five  
6 Hundred Thousand Dollars (\$500,000.00). The Tax Commission shall  
7 annually calculate and publish by the first day of the affected  
8 taxable year a percentage by which the credits authorized by this  
9 section shall be reduced so the total amount of credits used to  
10 offset tax does not exceed Five Hundred Thousand Dollars  
11 (\$500,000.00) per year. The formula to be used for the percentage  
12 adjustment shall be Five Hundred Thousand Dollars (\$500,000.00)  
13 divided by the credits claimed in the second preceding year, with  
14 respect to any changes to the future of the credit. The Tax  
15 Commission shall permit any excess over Five Hundred Thousand  
16 Dollars (\$500,000.00) but shall factor such excess into the  
17 percentage adjustment formula for subsequent years with respect to  
18 any changes to the future of the credit.

19 H. The Oklahoma Housing Finance Agency shall promulgate rules  
20 to implement the provisions of this section.

21 SECTION 2. This act shall become effective November 1, 2024.

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