

1 STATE OF OKLAHOMA

2 1st Session of the 57th Legislature (2019)

3 SENATE BILL 416

By: Bice

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5
6 AS INTRODUCED

7 An Act relating to tax credits; amending Section 1,
8 Chapter 421, O.S.L. 2014 (68 O.S. Supp. 2018, Section
9 2357.403), which relates to credits for investment in
10 affordable housing projects; modifying term of credit
11 period after specified date; and providing an
12 effective date.

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

14 SECTION 1. AMENDATORY Section 1, Chapter 421, O.S.L.
15 2014 (68 O.S. Supp. 2018, Section 2357.403), is amended to read as
16 follows:

17 Section 2357.403. A. This act shall be known and may be cited
18 as the "Oklahoma Affordable Housing Act".

B. As used in this section:

19 1. "Allocation year" means the year for which the Oklahoma
20 Housing Finance Agency allocates credits pursuant to this section;

21 2. "Eligibility statement" means a statement authorized and
22 issued by the Oklahoma Housing Finance Agency certifying that a
23 given project qualifies for the Oklahoma Affordable Housing Tax
24 Credit authorized by this section. The Oklahoma Housing Finance
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1 Agency, under Title 330, Oklahoma Housing Finance Agency, Chapter
2 36, Affordable Housing Tax Credit Program Rules, shall promulgate
3 rules establishing criteria upon which the eligibility statements
4 will be issued. The eligibility statement shall specify the amount
5 of Oklahoma Affordable Housing Tax Credits allocated to a qualified
6 project. The Oklahoma Housing Finance Agency shall only authorize
7 the tax credits created by this section to qualified projects which
8 are placed in service after July 1, 2015, but which shall not be
9 used to reduce tax liability accruing prior to January 1, 2016;

10 3. "Federal low-income housing tax credit" means the federal tax
11 credit as provided in Section 42 of the Internal Revenue Code of
12 1986, as amended;

13 4. "Oklahoma Affordable Housing Tax Credit" means the tax credit
14 created by this section;

15 5. "Qualified project" means a qualified low-income building as
16 that term is defined in Section 42 of the Internal Revenue Code of
17 1986, as amended, which is located in this state in a county with a
18 population of less than one hundred fifty thousand (150,000)
19 according to the latest Federal Decennial Census; and

20 6. "Taxpayer" means a person, firm or corporation subject to the
21 tax imposed by Section 2355 of Title 68 of the Oklahoma Statutes or
22 an insurance company subject to the tax imposed by Section 624 or
23 628 of Title 36 of the Oklahoma Statutes or other financial
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1 institution subject to the tax imposed by Section 2370 of Title 68
2 of the Oklahoma Statutes.

3 C. For qualified projects placed in service after July 1, 2015,
4 the amount of state tax credits created by this section which are
5 allocated to a project shall be equal to that of the federal low-
6 income housing tax credits for a qualified project. The total
7 Oklahoma Affordable Housing Tax Credits allocated to all qualified
8 projects for an allocation year shall not exceed Four Million Dollars
9 (\$4,000,000.00). For purposes of this section, the "credit period"
10 shall mean the period of ten (10) taxable years for credits claimed
11 in tax years ending before January 1, 2020 and five (5) taxable years
12 for credits claimed in tax years beginning on and after January 1,
13 2020 and "placed in service" shall have the same meaning as is
14 applicable under the federal credit program.

15 D. A taxpayer owning an interest in an investment in a qualified
16 project shall be allowed Oklahoma Affordable Housing Tax Credits
17 under this section for tax years beginning on or after January 1,
18 2016, if the Oklahoma Housing Finance Agency issues an eligibility
19 statement for such project, which tax credit shall be allocated
20 among some or all of the partners, members or shareholders of the
21 taxpayer owning such interest in any manner agreed to by such
22 partners, members or shareholders. Such taxpayer may assign its
23 interest in the investment.

1 E. An insurance company claiming a credit against state premium
2 tax or retaliatory tax or any other tax imposed by Section 624 or 628
3 of Title 36 of the Oklahoma Statutes shall not be required to pay
4 any additional retaliatory tax under Section 628 of Title 36 of the
5 Oklahoma Statutes as a result of claiming the credit. The credit
6 may fully offset any retaliatory tax imposed by Section 628 of Title
7 36 of the Oklahoma Statutes.

8 F. The credit authorized by this section shall not be used to
9 reduce the tax liability of the taxpayer to less than zero (\$0.00).

10 G. Any credit claimed but not used in a taxable year may be
11 carried forward to each of the five (5) subsequent taxable years.

12 H. The owner of a qualified project eligible for the credit
13 authorized by this section shall submit, at the time of filing the
14 tax return with the Oklahoma Tax Commission, an eligibility
15 statement from the Oklahoma Housing Finance Agency. In the case of
16 failure to attach the eligibility statement, no credit under this
17 section shall be allowed with respect to such project for that year
18 until required documents are provided to the Tax Commission.

19 I. If under Section 42 of the Internal Revenue Code of 1986, as
20 amended, a portion of any federal low-income housing credits taken on
21 a qualified project is required to be recaptured during the first ten
22 (10) years after a project is placed in service, the taxpayer
23 claiming Oklahoma Affordable Housing Tax Credits with respect to such
24 project shall also be required to recapture a portion of such

1 credits. The amount of Oklahoma Affordable Housing Tax Credits
2 subject to recapture shall be proportionally equal to the amount of
3 federal low-income housing credits subject to recapture.

4 J. The Oklahoma Housing Finance Agency or the Oklahoma Tax
5 Commission may require the filing of additional documentation
6 necessary to determine the accuracy of a tax credit claimed.

7 K. The Oklahoma Affordable Housing Act shall undergo a review
8 every five (5) years by a committee of nine (9) persons, to be
9 appointed three persons each by the Governor, President Pro Tempore of
10 the Oklahoma State Senate and the Speaker of the Oklahoma House of
11 Representatives.

12 SECTION 2. This act shall become effective November 1, 2019.

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