

STATE OF OKLAHOMA

2nd Session of the 48th Legislature (2002)

HOUSE BILL HB2858

By: Ericson

AS INTRODUCED

An Act relating to revenue and taxation; authorizing income tax credit for certain expenses related to renovation or rehabilitation of qualified residential dwellings; defining terms; specifying amount of credit; providing for designation of metropolitan areas; authorizing credit for expenses incurred within designated areas; prohibiting use of credit for certain purposes; authorizing carryover; requiring report by Oklahoma Tax Commission; 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 2357.201 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. As used in this section:

1. "Designated metropolitan area" means contiguous or noncontiguous parcels, lots and blocks, or other areas that have been described with enough particularity to identify an individual residence pursuant to action by the governing board of a municipality for purposes of this act;

2. "Governing body" means the persons who comprise the legal entity responsible for the official actions of a city or town, under any form that may be authorized pursuant to Title 11 of the Oklahoma Statutes;

3. "Residence" means a structure designed for occupancy as a principal dwelling and owned by persons occupying the structure for such purpose or owned by a person or legal entity, whether or not occupied for such purpose at the time of the eligible expense, held

for sale to natural persons to be occupied as the principal dwelling by such persons; and

4. "Qualified residence" means a structure designed for and actually used as the principal dwelling of the owner or owners, located in a designated metropolitan area, and which:

- a. was constructed thirty (30) or more years prior to the date of the qualifying expense, or
- b. regardless of the date of construction, is in need of renovation or rehabilitation due to age, structural damage, weathering, deterioration, wear, or other causes, including accident or catastrophe.

B. For taxable years beginning after December 31, 2002, there shall be allowed as a credit against the tax imposed pursuant to Section 2355 of Title 68 of the Oklahoma Statutes equal to fifty percent (50%) of:

1. The amount expended by an owner of a qualified residence for eligible expenses incurred for the renovation or rehabilitation of a qualified residence located in a designated area; or

2. The amount expended by a developer for eligible expenses incurred for the renovation or rehabilitation of a qualified residence.

C. The governing body of any municipality within the state may designate areas located within its jurisdiction as containing a significant number of residences in need of renovation or rehabilitation. The governing body shall specifically identify the geographic area within its jurisdiction qualifying for the income tax credit authorized by this section and shall give consideration to the use of the income tax credit to provide a meaningful incentive to owners or real estate developers for renovation or rehabilitation of residences within the designated area. Once the municipality makes the designation pursuant to this subsection, all of the qualified residences located within such area shall be

eligible for the expenses for which the credit provided by this section is authorized.

D. An owner or a real estate developer may only claim the credit authorized by this section with respect to eligible expenses incurred for the renovation or rehabilitation of a residence located within a designated area.

E. The credit authorized by this section may not be used to reduce the income tax liability of the taxpayer to less than zero (0). The credit authorized by this section to the extent not used for the taxable year during which it is claimed may be carried over, in order, to each of the succeeding five (5) taxable years.

F. The Oklahoma Tax Commission shall prepare an annual report and submit the report to the Governor, the Speaker of the Oklahoma House of Representatives and the President Pro Tempore of the State Senate not later than December 31 each year summarizing the amount of income tax credits claimed pursuant to this section.

SECTION 2. This act shall become effective January 1, 2003.

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