STATE OF OKLAHOMA

1st Session of the 48th Legislature (2001)

SENATE BILL 534 By: Fisher

AS INTRODUCED

An Act relating to revenue and taxation; allowing income tax credit for qualifying investment to encourage new home construction in underserved areas; defining terms; specifying amount of credit; providing for certain refunds and appropriating funds therefor; prohibiting receipt of credit by employers except under certain circumstances; specifying certain duties of Oklahoma Tax Commission; amending Section 19, Chapter 337, O.S.L. 1995, as amended by Section 2, Chapter 163, O.S.L. 1998 (74 O.S. Supp. 2000, Section 2901.2), which relates to the Oklahoma Housing Trust Fund; allowing expenditures from Fund for certain purpose; providing for codification; providing an effective date; and declaring an emergency.

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 2357.42 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. For tax years beginning after December 31, 2001, and before January 1, 2005, there shall be allowed a credit against the tax imposed by Section 2355 of Title 68 of the Oklahoma Statutes for qualifying investment made for the purpose of encouraging construction of eligible residences in underserved areas.

B. As used in this section:

1. "Developer" means a person, firm or corporation who markets, builds or sells eligible residences;

2. "Eligible residence" means a newly constructed single-family home located in an underserved area on a lot upon which another building previously stood;

3. “Qualifying investment” means an investment of not more than Five Thousand Dollars ($5,000.00) to construct a particular eligible residence, to be specifically designated when the investment is made, which is made by an employer of the prospective owner of the eligible residence or the developer of the eligible residence; and

4. “Underserved area” means a municipality in which fewer than fifty housing permits for new single-family homes were issued for the preceding calendar year and in which the average selling price of a new single-family home during the preceding calendar year was less than One Hundred Thousand Dollars ($100,000.00). The Oklahoma Tax Commission shall annually determine the areas meeting the qualifications specified in this paragraph.

C. The amount of the credit shall be fifty percent (50%) of the amount of the qualifying investment. A credit shall not be granted to a developer unless construction of at least one other eligible residence developed by the developer is completed within twelve (12) months of the date of completion of construction of the eligible residence for which the credit is claimed. A credit may be granted for more than one qualifying investment in connection with a particular eligible residence, but the total amount of qualifying investment for which the credit may be granted shall not be more than Five Thousand Dollars ($5,000.00) for each eligible residence. The credit shall be refundable. If the taxpayer has no income tax liability, or if the credit exceeds the amount of the income tax liability of the taxpayer, then the credit, or balance thereof, shall be paid out in the same manner and out of the same fund as refunds of income taxes are paid and so much of the fund as is necessary for such purposes is hereby appropriated.

D. If an employer makes a qualifying investment in connection with an eligible residence occupied or to be occupied by an employee of the employer, the employer shall not be eligible to receive the credit if the employer requires the employee to repay the amount of

the contribution unless at least twenty percent (20%) of the amount of the qualifying contribution is forgiven for each year of continued service by the employee.

E. The Oklahoma Tax Commission shall promulgate any necessary rules and develop any necessary forms to implement the provisions of this section.

SECTION 2. AMENDATORY Section 19, Chapter 337, O.S.L. 1995, as amended by Section 2, Chapter 163, O.S.L. 1998 (74 O.S. Supp. 2000, Section 2901.2), is amended to read as follows:

Section 2901.2 There is hereby created the "Oklahoma Housing Trust Fund" to be administered by the Oklahoma Housing Finance Agency. The fund shall be a continuing fund, not subject to fiscal year limitations, and may consist of private monies and federal and state funds. A minimum of sixty-five percent (65%), but not to exceed seventy-five percent (75%) of all annual expenditures from the Oklahoma Housing Trust Fund shall be made for the purpose of providing affordable housing in counties with a population of less than four hundred ninety thousand (490,000) according to the latest federal decennial census. Expenditures from the fund may be made to provide grants to developers of eligible residences or to developers of multi-family residences located in underserved areas on lots upon which other buildings previously stood and which are occupied as the primary residences of the owners or which are rented. As used in this section, the terms “developer”, “eligible residence” and “underserved area” shall be defined as provided in Section 1 of this act; provided, the term “developer” shall be limited to an entity exempt from taxation pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code.

SECTION 3. This act shall become effective July 1, 2001.

SECTION 4. It being immediately necessary for the preservation of the public peace, health and safety, an emergency is hereby

declared to exist, by reason whereof this act shall take effect and be in full force from and after its passage and approval.

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