STATE OF OKLAHOMA

1st Session of the 51st Legislature (2007)

SENATE BILL 527 By: Wilson

AS INTRODUCED

An Act relating to revenue and taxation; creating the Oklahoma Rural Housing Development Act of 2007; providing short title; defining terms; requiring Oklahoma Housing Finance Agency to promulgate rules; authorizing income tax credit for taxpayers owning interest in certain housing projects; providing for calculation of amount thereof; allowing credit to be carried forward for certain time period; providing for allocation thereof; requiring certain information and statement to be provided to Oklahoma Tax Commission; requiring Tax Commission to promulgate certain rules; providing for recapture of credit under certain circumstances; 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 2357.105 of Title 68, unless there is created a duplication in numbering, reads as follows:

This act shall be known and may be cited as the "Oklahoma Rural Housing Development Act of 2007".

SECTION 2. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2357.106 of Title 68, unless there is created a duplication in numbering, reads as follows:

As used in the Oklahoma Rural Housing Development Act of 2007:

1. "Agency" means the Oklahoma Housing Finance Agency or its successor agency;

2. "Eligibility certification statement" means a statement authorized and issued by the Oklahoma Housing Finance Agency certifying that a given project qualifies for the Rural Low-Income Housing tax credit provided pursuant to the provisions of Section 3 of this act. The Agency shall promulgate rules establishing criteria upon which the eligibility certification statements will be issued. Such criteria shall be based on eligibility criteria established and in use pursuant to the federal low-income housing tax credit program as set forth in Section 42 of the Internal Revenue Code, as amended. The eligibility certification statement shall specify the amount of the Rural Low-Income Housing tax credit allowed. The Agency shall only authorize the tax credits to qualified projects which receive an allocation of low-income housing tax credit after January 1, 2007;

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

4. "Median income" means those area incomes which are determined by the United States Department of Housing and Urban Development guidelines and adjusted for family size;

5. “Rural area” means an area which is defined as rural by the United States Department of Agriculture Rural Development;

6. "Qualified Oklahoma project" means a qualified low-income building, as that term is defined in Section 42 of the Internal Revenue Code, as amended, which is located in Oklahoma;

7. "Rural low-income project" means a housing project located in a rural area which is a qualified Oklahoma project; and

8. "Taxpayer" means a person, firm or corporation subject to the tax imposed by Section 2355 or 2370 of Title 68 of the Oklahoma Statutes or by Section 624 or 628 of Title 36 of the Oklahoma Statutes.

SECTION 3. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2357.107 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. For taxable years beginning on or after January 1, 2008, a taxpayer who is the owner of a qualified Oklahoma project shall be allowed a state tax credit to be termed the Oklahoma Rural Low-Income Housing tax credit, if the Oklahoma Housing Finance Agency issues an eligibility certification statement for that project.

B. Subject to the limitations provided in subsection D of this section, the Oklahoma Rural Low-Income Housing tax credit available to a project shall be calculated by multiplying an amount equal to the federal low-income housing tax credit for a qualified Oklahoma project, for a federal tax period, by twenty percent (20%).

C. The Oklahoma Rural Low-Income Housing tax credit may be taken against the taxes imposed by Section 2355 or 2370 of Title 68 of the Oklahoma Statutes or the amount of taxes imposed by Section 624 or 628 of Title 36 of the Oklahoma Statutes which are actually paid to and placed in the General Revenue Fund of the state. The state eligibility shall match the length of eligibility allowed by the federal credits. If the tax credit allowed pursuant to the provisions of this section exceeds the amount of taxes due or if there are no state taxes due by the taxpayer, the amount of the credit not used as an offset against the taxes of a taxable year may be carried forward as a credit against subsequent tax liability for a period not to exceed five (5) years.

D. 1. The total of the credits authorized by this section shall not exceed Two Hundred Fifty Thousand Dollars ($250,000.00) annually. The amount of the credit available for each taxpayer shall be adjusted annually so that the total estimate of the credits authorized by this section does not exceed Two Hundred Fifty Thousand Dollars ($250,000.00). The formula to be used for such adjustment shall be Two Hundred Fifty Thousand Dollars ($250,000.00) divided by the credits claimed in the preceding year. In no event shall the credit be claimed more than once by a taxpayer each taxable year.

2. In the event the total tax credits authorized by this section exceed Two Hundred Fifty Thousand Dollars ($250,000.00) in

any calendar year, the Oklahoma Tax Commission shall permit any excess over Two Hundred Fifty Thousand Dollars ($250,000.00) but shall factor such excess into the percentage adjustment formula for subsequent years.

E. All or any portion of Oklahoma tax credits issued in accordance with the provisions of the Oklahoma Rural Housing Development Act of 2007 may be allocated to parties who are eligible under the provisions of subsection A of this section. Beginning January 1, 2008, for qualified projects which receive an allocation of low-income housing tax credits on or after January 1, 2007, an owner of a qualified Oklahoma project shall certify to the Tax Commission the amount of credit allocated to each taxpayer. The owner of the project shall provide to the Tax Commission appropriate information so that the tax credit can be properly allocated.

F. In the event that recapture of Oklahoma Rural Low-Income Housing tax credits is required pursuant to subsection B of Section 4 of this act, any statement submitted by the taxpayer to the Tax Commission as provided in this section shall include the proportion of the state credit required to be recaptured, the identity of each taxpayer subject to the recapture and the amount of credit previously allocated to such taxpayer.

G. The Tax Commission shall promulgate rules necessary to administer the provisions of the Oklahoma Rural Housing Development Act of 2007.

SECTION 4. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2357.108 of Title 68, unless there is created a duplication in numbering, reads as follows:

A. The owner of a qualified Oklahoma project eligible for the Oklahoma Rural Low-Income Housing tax credit shall submit an eligibility certification statement at the time of filing of the owner's income tax return or at the time when taxes or other documentation are due pursuant to Section 2370 of Title 68 of the Oklahoma Statutes or Section 624 of Title 36 of the Oklahoma Statutes. In the case of failure to attach the eligibility certification statement, no credit under the Oklahoma Rural Housing Development Act of 2007 shall be allowed with respect to such project for that year until the eligibility certification statement is provided to the Oklahoma Tax Commission.

B. If under Section 42 of the 1986 Internal Revenue Code, as amended, a portion of any federal low-income housing tax credits taken on a rural low-income project is required to be recaptured, the taxpayer claiming state credits with respect to such project shall also be required to recapture a portion of any state credits authorized by the Oklahoma Rural Housing Development Act of 2007. The state recapture amount shall be equal to the proportion of the state credit claimed by the taxpayer that equals the proportion the federal recapture amount bears to the original federal low-income housing tax credit amount subject to recapture.

SECTION 5. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 2357.109 of Title 68, unless there is created a duplication in numbering, reads as follows:

The Oklahoma Tax Commission may promulgate rules to require the filing of additional documentation necessary to determine the accuracy of a tax preference claimed under the provisions of the Oklahoma Rural Housing Development Act of 2007.

SECTION 6. This act shall become effective January 1, 2008.

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