

MEMORANDUM

OKLAHOMA TAX COMMISSION
TAX POLICY AND RESEARCH

DATE: May 15, 2014
SUBJECT: SB 2128 – Introduced (Req. No.3713)
TO: Rick Miller, Director
FROM: Lisa Haws, Tax Policy Analyst

SB 2128 creates the Oklahoma Affordable Housing Tax Credit which is similar to the federal low-income housing tax credit

The Oklahoma tax credit is for "qualified projects"¹ placed in service after July 1, 2015. The amount of state tax credits available will equal the amount of federal low-income housing tax credits for a qualified project, but cannot exceed \$4.0 million per allocation year. For allocation year 2013, \$8.7 million of federal low-income housing tax credits were awarded for Oklahoma projects.²

The tax credit is nonrefundable; any unused credit may be carried forward for a period of five (5) years. The credit cannot be used to reduce a tax liability accruing prior to January 1, 2016.

Revenue Impact:

The federal credits are claimed in equal amounts over a 10 year period. The state credit mirrors the federal credit. As a result, the estimated impact for the first year of this proposal is a \$4.0 million decrease in revenue for tax year 2016; for year 2 (tax year 2017), the estimated impact is \$8.0 million, etc. The full impact of \$40 million will not occur until FY 26.

Table 1 attached shows the estimated FY effects.

¹ "Qualified project" means a qualified low-income building as that term is defined in Section 42 of the Internal Revenue Code of 1986, as amended, which is located in this state in a county with a population of less than one hundred fifty thousand (150,000) according to the latest Federal Decennial Census;

² http://www.novoco.com/low_income_housing/lihtc/federal_lihtc.php

Table 1

Year		FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
2016	\$4,000,000	\$1,600,000	\$2,400,000									
2017	\$8,000,000		\$3,200,000	\$4,800,000								
2018	\$12,000,000			\$4,800,000	\$7,200,000							
2019	\$16,000,000				\$6,400,000	\$9,600,000						
2020	\$20,000,000					\$8,000,000	\$12,000,000					
2021	\$24,000,000						\$9,600,000	\$14,400,000				
2022	\$28,000,000							\$11,200,000	\$16,800,000			
2023	\$32,000,000								\$12,800,000	\$19,200,000		
2024	\$36,000,000									\$14,400,000	\$21,600,000	
2025	\$40,000,000										\$16,000,000	\$24,000,000
2026	\$40,000,000											\$16,000,000
	Total	\$1,600,000	\$5,600,000	\$9,600,000	\$13,600,000	\$17,600,000	\$21,600,000	\$25,600,000	\$29,600,000	\$33,600,000	\$37,600,000	\$40,000,000