

**OKLAHOMA TAX COMMISSION**

**FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT  
FIRST REGULAR SESSION, FIFTY-FOURTH OKLAHOMA LEGISLATURE**

**DATE OF IMPACT STATEMENT:** February 8, 2013

**BILL NUMBER:** SB 804 **STATUS AND DATE OF BILL:** Introduced 1/17/2013

**AUTHORS:** House n/a Senate Marlatt

**TAX TYPE (S):** Income Tax **SUBJECT:** Credit

**PROPOSAL:** New Law

SB 804 creates the *Oklahoma Affordable Housing Act*, which provides an Oklahoma income tax credit similar to the federal low-income housing tax credit for qualified Oklahoma projects placed in service after December 31, 2013.

**EFFECTIVE DATE:** January 1, 2014

**REVENUE IMPACT:**

Insert dollar amount (plus or minus) of the expected change in state revenues due to this proposed legislation.

FY 14: Projected revenue decrease of \$4.6 million

FY 15: Projected revenue decrease of \$9.2 million

**ADMINISTRATIVE IMPACT:**

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 14: -0-

Feb. 8, 2013  
DATE

Rick Mellow  
DIVISION DIRECTOR

lrh

2-8-2013  
DATE

Reece Womack  
REECE WOMACK, ECONOMIST

2/8/13  
DATE

[Signature]  
FOR THE COMMISSION

## ATTACHMENT TO FISCAL IMPACT – SB 804 [Introduced] Prepared February 8, 2013

The federal Low Income Housing Tax Credit program was created by the Tax Reform Act of 1986 as an alternate method of funding housing for low- and moderate-income households, and has been in operation since 1987. For calendar year 2010, each state received a tax credit of \$2.10 per person that it could allocate towards funding housing that meets program guidelines.<sup>1</sup> These tax credits are then used to leverage private capital into new construction or acquisition and rehabilitation of affordable housing. The tax credits are determined by the development costs, and may be used by the owners or investors. The credits are not provided in a lump sum but instead are claimed in equal amounts over a 10 year period.

This proposal creates an Oklahoma income tax credit similar to the federal low-income housing tax credit. For qualified Oklahoma projects placed in service after December 31, 2013, the amount of state tax credits available will equal that of the federal low-income housing tax credits for a qualified Oklahoma project. In calendar year 2012, \$9.2 million of federal low-income housing tax credits were awarded for Oklahoma projects.<sup>2</sup>

This tax credit is nonrefundable. Any unused credit may be carried back for a period of three (3) years or carried forward for a period of five (5) years.

### ***Revenue Impact:***

The estimated impact of this proposal is \$9.2 million for tax year 2014. Due to the carryback provisions, and expected changes to withholding or estimated tax payments, an estimated revenue decrease of \$4.6 million is expected for FY14 and an estimated revenue decrease of \$9.2 million is expected for FY15.

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<sup>1</sup> Internal Revenue Bulletin [http://www.irs.gov/irb/2009-45\\_IRB/ar11.html](http://www.irs.gov/irb/2009-45_IRB/ar11.html)

<sup>2</sup> Oklahoma Housing Finance Agency;  
[http://www.ohfa.org/pageviewer.aspx?m=SUBPAGE\\_AHTCawards.html](http://www.ohfa.org/pageviewer.aspx?m=SUBPAGE_AHTCawards.html)