

**OKLAHOMA TAX COMMISSION**

**FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT  
SECOND REGULAR SESSION, FIFTY-FIFTH OKLAHOMA LEGISLATURE**

**DATE OF IMPACT STATEMENT:** May 5, 2016

**BILL NUMBER:** SB 1580 **STATUS AND DATE OF BILL:** Introduced 5/4/16

**AUTHORS:** House Sears & Casey Senate Jolley & Treat

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

**PROPOSAL:** Amendatory

SB 1580 proposes to amend 68 O.S. § 2357.403, which relates to the Oklahoma Affordable Housing Tax Credit. This measure proposes to limit the amount of credit for various periods.

**EFFECTIVE DATE:** November 1, 2016

**REVENUE IMPACT:**

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

FY 17: Projected increase in income tax collections of \$900,000.

**ADMINISTRATIVE IMPACT:**

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

FY 17: No additional cost or savings to the Tax Commission are anticipated due to this proposed legislation.

May 5, 2016  
DATE

Rick Miller  
DIVISION DIRECTOR

mck

DATE  
5/5/16  
DATE

REECE WOMACK, ECONOMIST  
Reece Womack  
FOR THE COMMISSION

## ATTACHMENT TO FISCAL IMPACT – SB 1580 [Introduced] Prepared May 5, 2016

SB 1580 proposes to amend 68 O.S. § 2357.403, which relates to the Oklahoma Affordable Housing Tax Credit. This measure proposes to limit the amount of credit for various periods.

Under current law there is a credit for qualified projects<sup>1</sup> 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<sup>2</sup>. For allocation year 2013, \$8.7 million of federal low-income housing tax credits were awarded for Oklahoma projects.<sup>3</sup>

A taxpayer owning an interest in an investment in a qualified project shall be allowed a state tax credit if the Oklahoma Housing Finance Agency issues an eligibility statement for that project. The tax credit may be allocated among some or all of the partners, members or shareholders of the taxpayer in any manner agreed to by such persons. The taxpayer may assign its interest in the investment.

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

This measure proposes to limit the credit as follows:

- \$2,000,000 for projects placed in service before July 1, 2016.
- \$1,500,000 for projects placed in service on or after July 1, 2016, and before January 1, 2017.
- \$3,000,000 for projects placed in service during any allocation year which begins on or after January 1, 2017.

The impact is an estimated \$900,000 increase in income tax collections in FY17.

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<sup>1</sup> "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;

<sup>2</sup> 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 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.

<sup>3</sup> [http://www.novoco.com/low\\_income\\_housing/lihtc/federal\\_lihtc.php](http://www.novoco.com/low_income_housing/lihtc/federal_lihtc.php)