

BILL SUMMARY
1st Session of the 56th Legislature

Bill No.:	HB 2352
Version:	FULLPCS1
Request Number:	7751
Author:	Rep. Leslie Osborn
Date:	4/27/2017
Impact:	Tax Commission:

FY-18: \$0
Revenue Positive in Subsequent Years

Research Analysis

HB2352 sunsets the historic building rehabilitation tax credit on January 1, 2021 and institutes a \$7 million annual cap for claims occurring in fiscal year 2019 and thereafter.

Prepared By: Quyen Do

Fiscal Analysis

From the Tax Commission:

HB 2352 proposes to amend 68 O.S. § 2357.41 which relates to the Credit for Qualified Rehabilitation Expenditures. This measure proposes to cap credits earned on or after January 1, 2018. The total amount of all allowed claims used to offset tax cannot exceed \$7 million in FY19 and each FY thereafter. This measure further provides that this tax credit shall not be allowed for tax years ending later than December 31, 2020¹.

Under current law the tax credit² for qualified rehabilitation expenditures is equal to the amount of the Federal rehabilitation investment credit allowed under the Internal Revenue Code, Sec. 47. Any credit allowed but not used has a ten (10) year carryover. The credit may be transferred at any time during the five years following the year of qualification. There is no cap or sunset date for this credit.

No impact is anticipated in FY18 and the impact for FY19³ is unknown.

Prepared By: Mark Tygret

Other Considerations

¹ The carryover provision could allow previously earned but unused credits to be carried over to tax years after the proposed sunset date.

² The Credit for Qualified Rehabilitation Expenditures can be applied against income tax, bank in lieu tax and insurance premium tax.

³ The estimate for FY18 and FY19 does not include any potential impact on the Insurance Premium Tax.

