

OKLAHOMA TAX COMMISSION

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

DATE OF IMPACT STATEMENT: January 10, 2018

BILL NUMBER: SB 953 **STATUS AND DATE OF BILL:** Introduced 1/8/18

AUTHORS: House n/a Senate Griffin

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

PROPOSAL: Amendatory

SB 953 amends the Oklahoma Affordable Housing Tax Credit (68 O.S. § 2357.403), modifying the definition of "qualified project" to include counties with a population of less than three hundred thousand (300,000), and reducing the carryover from 5 years to 3 years for taxable years beginning on or after January 1, 2019.

EFFECTIVE DATE: January 1, 2019

REVENUE IMPACT:

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

FY 19: -0-

FY 20: -0-

ADMINISTRATIVE IMPACT:

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

FY 19: -0-

1-25-18
DATE

Joseph P. Gappa
DIVISION DIRECTOR

lrh

1-25-18
DATE

Reece Womack
REECE WOMACK, ECONOMIST

1-26-18
DATE

Jon M. H.
FOR THE COMMISSION

ATTACHMENT TO FISCAL IMPACT - SB 953 [Introduced] Prepared 1/10/18

SB 953 amends the Oklahoma Affordable Housing Tax Credit (68 O.S. § 2357.403), modifying the definition of "qualified project" to include counties with a population of less than three hundred thousand (300,000), and reducing the carryover from 5 years to 3 years for taxable years beginning on or after January 1, 2019.

Under current law, the Oklahoma tax credit¹ is for "qualified projects"² placed in service after July 1, 2015. A taxpayer owning an interest in an investment in a qualified project is allowed a state tax credit if the Oklahoma Housing Finance Agency issues an eligibility statement for that project. The amount of state tax credits available 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 2017, \$9.1 million federal low-income housing tax credits were awarded for Oklahoma projects.³ The tax credit is nonrefundable; any unused credit may be carried forward for a period of five (5) years.

This measure amends the definition of "qualified project": "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 **three hundred thousand (300,000)** according to the latest Federal Decennial Census". This increase, from 150,000 to 300,000, now qualifies Cleveland County, but Oklahoma and Tulsa counties' populations each exceed 300,000. This measure also amends the carryover provision, reducing it from 5 years to 3 years for any credits claimed but not used in a taxable year which begins on or after January 1, 2019.

No additional impact on tax collections is anticipated due to the cap of \$4.0 million per allocation year.

¹ This measure does not specifically state against which tax types the credit may be taken, but defines "taxpayer" as "a person, firm or corporation subject to the tax imposed by Section 2355 of Title 68 of the Oklahoma Statutes or an insurance company subject to the tax imposed by Section 624 or 628 of Title 36 of the Oklahoma Statutes or other financial institution subject to the tax imposed by Section 2370 of Title 68 of the Oklahoma Statutes."

² "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. Only 3 counties have a population more than 150,000: Cleveland County, Oklahoma County and Tulsa County.

³ http://www.novoco.com/low_income_housing/lihtc/federal_lihtc.php