

STATE OF OKLAHOMA

1st Session of the 57th Legislature (2019)

HOUSE BILL 1411

By: Nichols

AS INTRODUCED

An Act relating to revenue and taxation; amending Section 1, Chapter 421, O.S.L. 2014 (68 O.S. Supp. 2018, Section 2357.403), which relates to affordable housing tax credits; modifying definition; eliminating restriction on availability of tax credits based upon certain population limit; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY Section 1, Chapter 421, O.S.L. 2014 (68 O.S. Supp. 2018, Section 2357.403), is amended to read as follows:

Section 2357.403 A. This act shall be known and may be cited as the "Oklahoma Affordable Housing Act".

B. As used in this section:

1. "Allocation year" means the year for which the Oklahoma Housing Finance Agency allocates credits pursuant to this section;

2. "Eligibility statement" means a statement authorized and issued by the Oklahoma Housing Finance Agency certifying that a given project qualifies for the Oklahoma Affordable Housing Tax

1 Credit authorized by this section. The Oklahoma Housing Finance
2 Agency, under Title 330, Oklahoma Housing Finance Agency, Chapter
3 36, Affordable Housing Tax Credit Program Rules, shall promulgate
4 rules establishing criteria upon which the eligibility statements
5 will be issued. The eligibility statement shall specify the amount
6 of Oklahoma Affordable Housing Tax Credits allocated to a qualified
7 project. The Oklahoma Housing Finance Agency shall only authorize
8 the tax credits created by this section to qualified projects which
9 are placed in service after July 1, 2015, but which shall not be
10 used to reduce tax liability accruing prior to January 1, 2016;

11 3. "Federal low-income housing tax credit" means the federal tax
12 credit as provided in Section 42 of the Internal Revenue Code of
13 1986, as amended;

14 4. "Oklahoma Affordable Housing Tax Credit" means the tax credit
15 created by this section;

16 5. "Qualified project" means a qualified low-income building as
17 that term is defined in Section 42 of the Internal Revenue Code of
18 1986, as amended, ~~which is located in this state in a county with a~~
19 ~~population of less than one hundred fifty thousand (150,000)~~
20 ~~according to the latest Federal Decennial Census; and~~

21 6. "Taxpayer" means a person, firm or corporation subject to the
22 tax imposed by Section 2355 of ~~Title 68 of the Oklahoma Statutes~~
23 this title or an insurance company subject to the tax imposed by
24 Section 624 or 628 of Title 36 of the Oklahoma Statutes or other

1 financial institution subject to the tax imposed by Section 2370 of
2 ~~Title 68 of the Oklahoma Statutes~~ this title.

3 C. For qualified projects placed in service after July 1, 2015,
4 the amount of state tax credits created by this section which are
5 allocated to a project shall be equal to that of the federal low-
6 income housing tax credits for a qualified project. The total
7 Oklahoma Affordable Housing Tax Credits allocated to all qualified
8 projects for an allocation year shall not exceed Four Million Dollars
9 (\$4,000,000.00). For purposes of this section, the "credit period"
10 shall mean the period of ten (10) taxable years and "placed in
11 service" shall have the same meaning as is applicable under the
12 federal credit program.

13 D. A taxpayer owning an interest in an investment in a qualified
14 project shall be allowed Oklahoma Affordable Housing Tax Credits
15 under this section for tax years beginning on or after January 1,
16 2016, if the Oklahoma Housing Finance Agency issues an eligibility
17 statement for such project, which tax credit shall be allocated
18 among some or all of the partners, members or shareholders of the
19 taxpayer owning such interest in any manner agreed to by such
20 partners, members or shareholders. Such taxpayer may assign its
21 interest in the investment.

22 E. An insurance company claiming a credit against state premium
23 tax or retaliatory tax or any other tax imposed by Section 624 or 628
24 of Title 36 of the Oklahoma Statutes shall not be required to pay

1 any additional retaliatory tax under Section 628 of Title 36 of the
2 Oklahoma Statutes as a result of claiming the credit. The credit
3 may fully offset any retaliatory tax imposed by Section 628 of Title
4 36 of the Oklahoma Statutes.

5 F. The credit authorized by this section shall not be used to
6 reduce the tax liability of the taxpayer to less than zero (\$0.00).

7 G. Any credit claimed but not used in a taxable year may be
8 carried forward to each of the five (5) subsequent taxable years.

9 H. The owner of a qualified project eligible for the credit
10 authorized by this section shall submit, at the time of filing the
11 tax return with the Oklahoma Tax Commission, an eligibility
12 statement from the Oklahoma Housing Finance Agency. In the case of
13 failure to attach the eligibility statement, no credit under this
14 section shall be allowed with respect to such project for that year
15 until required documents are provided to the Tax Commission.

16 I. If under Section 42 of the Internal Revenue Code of 1986, as
17 amended, a portion of any federal low-income housing credits taken on
18 a qualified project is required to be recaptured during the first ten
19 (10) years after a project is placed in service, the taxpayer
20 claiming Oklahoma Affordable Housing Tax Credits with respect to such
21 project shall also be required to recapture a portion of such
22 credits. The amount of Oklahoma Affordable Housing Tax Credits
23 subject to recapture shall be proportionally equal to the amount of
24 federal low-income housing credits subject to recapture.

1 J. The Oklahoma Housing Finance Agency or the Oklahoma Tax
2 Commission may require the filing of additional documentation
3 necessary to determine the accuracy of a tax credit claimed.

4 K. The Oklahoma Affordable Housing Act shall undergo a review
5 every five (5) years by a committee of nine (9) persons, to be
6 appointed three persons each by the Governor, President Pro Tempore of
7 the Oklahoma State Senate and the Speaker of the Oklahoma House of
8 Representatives.

9 SECTION 2. This act shall become effective November 1, 2019.

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