

Bill Summary
1st Session of the 57th Legislature

Bill No.:	SB 416
Version:	INT
Request No.:	895
Author:	Sen. Bice
Date:	01/17/2019

Bill Analysis

SB 416 amends the defined credit period for the Oklahoma Affordable Housing Tax Credit. Any credit claimed after January 1, 2020, will be limited to five taxable years.

Prepared by: Kalen Taylor

OKLAHOMA TAX COMMISSION

**REVENUE IMPACT STATEMENT
FIRST REGULAR SESSION, FIFTY-SEVENTH OKLAHOMA LEGISLATURE**

DATE OF IMPACT STATEMENT: March 14, 2019

BILL NUMBER: SB 416 **STATUS AND DATE OF BILL:** Engrossed Bill 3/13/19

AUTHORS: House Mize Senate Bice

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

PROPOSAL: Amendatory

SB 416 amends the Oklahoma Affordable Housing Tax Credit (68 O.S. § 2357.403) by reducing the "credit period" from a period of ten (10) taxable years for credits allocated to a qualified project before January 1, 2020, and five (5) taxable years for credits allocated to a qualified project on and after January 1, 2020.

EFFECTIVE DATE: November 1, 2019

REVENUE IMPACT:

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

FY 20: -0-

FY 21: -0-

Mar. 15, 2019
DATE

Rick Miller
DIVISION DIRECTOR

lrh

3-18-2019
DATE

Huan Gong
HUAN GONG/ECONOMIST

3-18-19
DATE

Jon M. L.
FOR THE COMMISSION

**The estimated revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.*

Attachment to Revenue Impact - SB 416 [Engrossed] Prepared 3/14/19

SB 416 amends the Oklahoma Affordable Housing Tax Credit (68 O.S. § 2357.403) by reducing the "credit period" from a period of ten (10) taxable years for credits allocated to a qualified project before January 1, 2020, and five (5) taxable years for credits allocated to a qualified project on and after January 1, 2020.

Under current law, the Oklahoma tax credit is for qualified projects 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 million per allocation year, which can be claimed in equal amounts over a ten (10) year period. For allocation year 2017, \$9.1 million federal low-income housing tax credits were awarded for Oklahoma projects.¹ The tax credit is nonrefundable; any unused credit may be carried forward for a period of five (5) years.

Revenue Impact:

Reducing the credit period from ten (10) years to five (5) years would result in a projected revenue increase of \$4 million in 2025. Changes to withholding or estimated tax are not expected; therefore a projected revenue increase of \$4 million should occur in FY26 when the 2025 income tax returns are filed and an additional \$4 million in each FY thereafter. The full impact of this proposed legislation will be in FY30 with a projected revenue increase of \$20 million.

¹ http://www.novoco.com/low_income_housing/lihtc/federal_lihtc.php

