

**Bill Summary**  
1<sup>st</sup> Session of the 57<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>SB 786</b>
<b>Version:</b>	<b>INT</b>
<b>Request No.:</b>	<b>534</b>
<b>Author:</b>	<b>Sen. Smalley</b>
<b>Date:</b>	<b>01/30/2019</b>

**Bill Analysis**

SB 786 modifies the affordable housing tax credit. The measure reduces the number of years the credit may be carried forward from five years to two years beginning January 1, 2020. The measure also expands eligibility for the program to include claims related to affordable housing built in counties with a population above 150,000 beginning January 1, 2020.

Prepared by: Kalen Taylor

**OKLAHOMA TAX COMMISSION**

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

**DATE OF IMPACT STATEMENT:** January 24, 2019

**BILL NUMBER:** SB 786 **STATUS AND DATE OF BILL:** Introduced 1/17/19

**AUTHORS:** House n/a Senate Smalley

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

**PROPOSAL:** Amendatory

SB 786 amends the Oklahoma Affordable Housing Tax Credit (68 O.S. § 2357.403) by reducing the carryover period from five (5) years to two (2) years for any credits claimed but not used in a taxable year which begins on or after January 1, 2020, and limiting the population restriction to tax years which begin before 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-

Jan. 31, 2019  
DATE

Rick Miller  
DIVISION DIRECTOR

lrh

1-31-2019  
DATE

Huan Gong  
HUAN GONG, ECONOMIST

2-1-19  
DATE

Jim Murt  
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 786 [Introduced] Prepared 1/24/19**

SB 786 amends the Oklahoma Affordable Housing Tax Credit (68 O.S. § 2357.403) by reducing the carryover period from five (5) years to two (2) years for any credits claimed but not used in a taxable year which begins on or after January 1, 2020, and limiting the population restriction<sup>1</sup> to tax years which begin before January 1, 2020.

Under current law, the Oklahoma tax credit is for qualified projects placed in service after July 1, 2015. "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, and is also located in a county with a population of less than one hundred fifty thousand (150,000) according to the latest Federal Decennial Census*. 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.<sup>2</sup> The tax credit is nonrefundable; any unused credit may be carried forward for a period of five (5) years.

***Revenue Impact:***

This measure amends the carryover provision, reducing it from five (5) years to two (2) years for any credits claimed but not used in a taxable year which begins on or after January 1, 2020. Also, this measure provides that the population restriction applies only to tax years which begin before January 1, 2020.

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

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<sup>1</sup> A qualified project must be located 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> [http://www.novoco.com/low\\_income\\_housing/lihtc/federal\\_lihtc.php](http://www.novoco.com/low_income_housing/lihtc/federal_lihtc.php)