

STATE OF OKLAHOMA

2nd Session of the 60th Legislature (2026)

SENATE BILL 1393

By: Kirt

AS INTRODUCED

An Act relating to income tax credit; creating the Revitalizing Empty Structures Through Ownership, Renovation, and Enterprise (RESTORE) Act; providing short title; creating the Revitalizing Empty Structures Through Ownership, Renovation, and Enterprise (RESTORE) Program; defining terms; directing the Oklahoma Housing Finance Agency and the Oklahoma Tax Commission to administer the program; authorizing establishments to apply for tax credit for certain qualified expenditures on an adaptive reuse project; stipulating credit amount; authorizing the Agency to approve applications for credit for certain fiscal years; limiting approval amount for fiscal year; requiring reallocation of unused approval amounts to subsequent fiscal year limitation; requiring the Agency to develop a preference rating system; authorizing the establishment to claim credit upon application approval and project completion; requiring the Agency to verify qualification; requiring the Agency to provide notification to the Tax Commission when credit is awarded; stipulating the tax year in which credit is awarded; prohibiting refundability of credit; authorizing the carry forward of credit; requiring the Agency to submit annual report; authorizing the promulgation of rules; providing for noncodification; providing for codification; providing an effective date; and declaring an emergency.

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

1 SECTION 1. NEW LAW A new section of law not to be
2 codified in the Oklahoma Statutes reads as follows:

3 This act shall be known and may be cited as the "Revitalizing
4 Empty Structures Through Ownership, Renovation, and Enterprise
5 (RESTORE) Act".

6 SECTION 2. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 2357.413 of Title 68, unless
8 there is created a duplication in numbering, reads as follows:

9 A. There is hereby created the Revitalizing Empty Structures
10 Through Ownership, Renovation, and Enterprise (RESTORE) Program.

11 B. As used in this section:

12 1. "Adaptive reuse" means the substantial conversion of an
13 obsolete structure to a new use, while retaining at least some of
14 the elements of the original building envelope. Provided, that
15 after conversion it meets all health and safety requirements for
16 residential occupancy pursuant to state law and local building
17 codes;

18 2. "Obsolete structure" means a structure that:

- 19 a. is any nonresidential structure including, but not
20 limited to, a commercial, retail, office,
21 institutional, or industrial building, regardless of
22 previous use or condition,
23 b. is at least fifty (50) years old,

- c. has been vacant or underutilized for at least three (3) years,
- d. is not eligible to receive historic preservation tax credits, pursuant to 26 U.S.C., Section 47, and
- e. if the structure includes an underutilized structure, generates rental income from an underutilized structure that is less than fifty percent (50%) of the local market rate income for a property of similar class and size;

3. "Program" means the Revitalizing Empty Structures Through Ownership, Renovation, and Enterprise (RESTORE) Program;

4. "Qualified expenditures" means additional costs related to the development of an obsolete structure into housing not typically incurred in the construction of new structures or the rehabilitation of relatively more modern structures, including:

- a. environmental remediation,
 - b. bringing the structure into compliance with applicable building codes and regulations,
 - c. efficiency upgrades, and
 - d. plumbing, electrical, and climate control upgrades;
- and

5. "Underutilized" means a structure where at least fifty percent (50%) of rentable square footage is vacant, or a structure

1 that is utilized for a use for which the structure was not
2 originally designed or intended.

3 C. The program shall be administered by the Oklahoma Housing
4 Finance Agency and the Oklahoma Tax Commission.

5 D. An establishment may apply for credit against the tax
6 imposed pursuant to Section 2355 of Title 68 of the Oklahoma
7 Statutes for up to fifty percent (50%) of qualified expenditures for
8 an adaptive reuse project. Applications for credit shall be made on
9 a form prescribed by the Agency.

10 E. For fiscal years 2027 through 2037, the Agency is authorized
11 to approve applications for credit, not to exceed Five Million
12 Dollars (\$5,000,000.00) in any fiscal year. Partial approval for
13 credit due to the fiscal year limitations provided in this
14 subsection may be awarded by the Agency. In any fiscal year in
15 which the credit amount approved is less than the limitation
16 provided in this subsection, the difference shall be added to the
17 limitation in subsequent fiscal years until fiscal year 2037.
18 Credits approved but not claimed pursuant to subsection G of this
19 section shall be added to the limitation in subsequent fiscal years
20 until fiscal year 2037.

21 F. The Agency shall certify projects and develop a preference
22 rating system for approval based on the following:

- 23 a. availability of and need for workforce and affordable
24 housing in the area of the proposed project,

- b. establishment of new workforce or affordable rental units based on United States Department of Housing and Urban Development definitions for twenty percent (20%) or more of the units for at least ten (10) years,
- c. access to established municipal or county infrastructure, and
- d. location in a designated or associate Main Street District, and/or location in an Oklahoma Certified Cultural District.

G. Upon approval of an application and the completion of the adaptive reuse project, the establishment shall be eligible to claim the credit for tax year 2027 and subsequent tax years, not to exceed the approved amount, for qualified expenditures. The Agency shall verify the project is completed and meets all prescribed requirements before approving the claim for credit.

H. Upon approval of the claim for credit, the Agency shall notify the Tax Commission of the credit amount awarded to the establishment. The credit shall be awarded for the tax year corresponding to the calendar year in which the claim is approved.

I. Credit awarded pursuant to this section shall not be used to reduce the income tax liability of the taxpayer to less than zero (0). If the amount of the credit allowed pursuant to subsection D of this section exceeds the income tax liability, the amount of

1 credit not used in any tax year may be carried forward, in order, to
2 each of the ten (10) subsequent tax years.

3 J. The Agency shall electronically submit to the Governor, the
4 President Pro Tempore of the Senate, and the Speaker of the House of
5 Representatives and publish on the website of the Agency an annual
6 report detailing the credits approved pursuant to the RESTORE
7 Program, including information on project locations, housing units
8 produced, public and private investment levels arising from the
9 approved projects, and the estimated economic impact on project
10 areas.

11 K. The Agency and the Tax Commission may promulgate rules to
12 effectuate the provisions of this section.

13 SECTION 3. This act shall become effective July 1, 2026.

14 SECTION 4. It being immediately necessary for the preservation
15 of the public peace, health or safety, an emergency is hereby
16 declared to exist, by reason whereof this act shall take effect and
17 be in full force from and after its passage and approval.

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