

1 STATE OF OKLAHOMA

2 2nd Session of the 60th Legislature (2026)

3 SENATE BILL 1574

By: Murdock

6 AS INTRODUCED

7 An Act relating to income tax; amending 68 O.S. 2021,
8 Section 2357.403, as last amended by Section 1,
9 Chapter 66, O.S.L. 2024 (68 O.S. Supp. 2025, Section
10 2357.403), which relates to the Oklahoma Affordable
11 Housing Act; increasing the limit on tax credits
12 allocated for certain allocation years; updating
13 statutory reference; updating statutory language; and
14 providing an effective date.

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

16 SECTION 1. AMENDATORY 68 O.S. 2021, Section 2357.403, as
17 last amended by Section 1, Chapter 66, O.S.L. 2024 (68 O.S. Supp.
18 2025, Section 2357.403), is amended to read as follows:

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

21 B. As used in this section:

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

24 2. "Eligibility statement" means a statement authorized and
25 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 of the Oklahoma~~
4 Administrative Code, shall promulgate rules establishing criteria
5 upon which the eligibility statements will be issued. The
6 eligibility statement shall specify the amount of Oklahoma
7 Affordable Housing Tax Credits allocated to a qualified project.
8 The Oklahoma Housing Finance Agency shall only authorize the tax
9 credits created by this section to qualified projects which are
10 placed in service after July 1, 2015, but which shall not be used to
11 reduce tax liability accruing prior to January 1, 2016;

12 3. "Federal low-income housing tax credit" means the federal
13 tax credit as provided in Section 42 of the Internal Revenue Code of
14 1986, as amended;

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

17 5. "Qualified project" means a qualified low-income building as
18 that term is defined in Section 42 of the Internal Revenue Code of
19 1986, as amended; and

20 6. "Taxpayer" means a person, firm, or corporation subject to
21 the tax imposed by Section 2355 of this title or an insurance
22 company subject to the tax imposed by Section 624 or 628 of Title 36
23 of the Oklahoma Statutes or other financial institution subject to
24 the tax imposed by Section 2370 of this title.

1 C. For qualified projects placed in service after July 1, 2015,
2 the amount of state tax credits created by this section which are
3 allocated to a project shall not exceed that of the federal low-
4 income housing tax credits for a qualified project. The total
5 Oklahoma Affordable Housing Tax Credits allocated to all qualified
6 projects for an allocation year shall not exceed Four Million
7 Dollars (\$4,000,000.00) for allocation years beginning prior to July
8 1, 2026, and Eight Million Dollars (\$8,000,000.00) for allocation
9 years beginning on and after July 1, 2026. For purposes of this
10 section, the "credit period" shall mean the period of ten (10)
11 taxable years and "placed in service" shall have the same meaning as
12 is applicable under the federal credit program. Reallocated and
13 rolled over credits will count against the ~~four million dollar~~
14 allocation limit of their original allocation year and not count
15 against the limit of the year in which they are allocated.

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

1 E. An insurance company claiming a credit against state premium
2 tax or retaliatory tax or any other tax imposed by Section 624 or
3 628 of Title 36 of the Oklahoma Statutes shall not be required to
4 pay any additional retaliatory tax under Section 628 of Title 36 of
5 the Oklahoma Statutes as a result of claiming the credit. The
6 credit may fully offset any retaliatory tax imposed by Section 628
7 of Title 36 of the Oklahoma Statutes.

8 F. The credit authorized by this section shall not be used to
9 reduce the tax liability of the taxpayer to less than zero ~~(\$0.00)~~
10 (0).

11 G. Any credit claimed but not used in a taxable year may be
12 carried forward two (2) subsequent taxable years.

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

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

1 such project shall also be required to recapture a portion of such
2 credits. The amount of Oklahoma Affordable Housing Tax Credits
3 subject to recapture shall be proportionally equal to the amount of
4 federal low-income housing credits subject to recapture.

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

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

12 SECTION 2. This act shall become effective November 1, 2026.

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