



BILL/VERSION: SB 1394 / INTRODUCED

ANALYST: TB

AUTHORS: Sen. Kirt

DATE: 1/19/2026

TAX(ES): Income Tax

SUBJECT(S): Income Tax Credit

EFFECTIVE DATE: Nov. 1, 2026

Emergency ☐

ESTIMATED REVENUE IMPACT:

FY27: \$0

FY28: Decrease of approximately \$2.5 million in income tax collections

ANALYSIS: SB 1394 creates a refundable individual income tax credit equal to the amount of down payment and closing cost assistance received under the Oklahoma Housing Stability Program, effective for tax year 2027 and subsequent tax years. The credit applies only to enhanced down payment and closing cost assistance equal to five percent of the home sales price provided under the Housing Stability Program and does not apply to standard Oklahoma Housing Finance Agency (OHFA) down payment assistance products.

Based on data provided by OHFA, the refundable income tax credit is estimated to reduce income tax collections by approximately \$2.5 million in FY 2028. The credit is assumed to be attributed to the tax year in which the down payment and closing cost assistance is paid; accordingly, any impact in FY 2027 is expected to be minimal, as the credits are primarily claimed when returns are filed in FY 2028.

The enhanced down payment and closing cost assistance is funded through a finite \$40 million allocation under the Oklahoma Housing Stability Program. Although loan funds under the program revolve, the down payment and closing cost assistance does

1/21/26

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Huan Gong

DR. HUAN GONG, CHIEF TAX ECONOMIST

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Marie Schuble

MARIE SCHUBLE, DIVISION DIRECTOR

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JOSEPH P. GAPPA, FOR THE COMMISSION

The 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. This estimate reflects current available data as of the date of issuance and is subject to revision if additional information becomes known.



not automatically replenish once expended. Based on current program structure and projected utilization levels, OHFA anticipates the enhanced assistance allocation would be fully disbursed around FY 2034 or FY 2035 unless additional funds are appropriated. As a result, the credit is self-limiting by exhaustion rather than by statutory sunset.

While assistance provided under the Oklahoma Housing Stability Program is subject to federal HOME Investment Partnerships Program recapture requirements if occupancy or affordability conditions are not met¹, SB 1394 does not condition credit eligibility on satisfaction of those requirements or provide for recapture or adjustment of the refundable credit if assistance is later repaid. Actual fiscal impacts will depend on program execution, housing market conditions, and the timing of assistance disbursements.

Coordination with the Oklahoma Housing Finance Agency may be necessary to verify qualifying assistance amounts. At this time, additional funding or FTE to administer the credit is not anticipated.

¹ U.S. Department of Housing and Urban Development, HOME Investment Partnerships Program, 24 C.F.R. § 92.254(a)(5)(ii) (recapture provisions permitting a participating jurisdiction to recoup all or a portion of HOME assistance if the housing does not continue as the principal residence for the duration of the period of affordability).