OKLAHOMA TAX COMMISSION

FISCAL IMPACT STATEMENT AND/OR ADMINISTRATIVE IMPACT STATEMENT
FIRST REGULAR SESSION, FIFTY-FIFTH OKLAHOMA LEGISLATURE

DATE OF IMPACT STATEMENT: March 16, 2015

BILL NUMBER: SB 94 **STATUS AND DATE OF BILL:** Engrossed Bill 3/3/15

AUTHORS: House Sears Senate Mazzei

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

PROPOSAL: Amendatory

SB 94 proposes to amend 68 O.S. § 2357.403, which relates to the Oklahoma Affordable Housing Act. This measure proposes to disallow this credit effective for tax years beginning on or after January 1, 2020, unless reauthorized by the legislature after reviewing a report required under 74 O.S. § 5017 (14).

EFFECTIVE DATE: August 28, 2015[1]

REVENUE IMPACT:

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

FY 21: Potential increase in income tax collections of $4 million.

ADMINISTRATIVE IMPACT:

Insert the estimated cost or savings to the Tax Commission due to this proposed legislation.

FY 16: No additonal cost or savings to the Tax Commission due to this proposed legislation.

Mar. 16, 2015
DATE

Rick Miller
DIVISION DIRECTOR

mck

3-17-15
DATE

Reece Womack
REECE WOMACK, ECONOMIST

3/18/15
DATE

FOR THE COMMISSION

[1] This assumes the legislature adjourns sine die on May 29, 2015 since this measure has no effective date.

ATTACHMENT TO FISCAL IMPACT - SB94 [Engrossed] Prepared March 16, 2015

SB 94 proposes to amend 68 O.S. § 2357.403, which relates to the Oklahoma Affordable Housing Act. This measure proposes to disallow this credit effective for tax years beginning on or after January 1, 2020, unless reauthorized by the legislature after reviewing a report required under 74 O.S. § 5017 (14)[2].

The Oklahoma Affordable Housing Act (68 O.S. §2357.403) provides for an income tax credit for "qualified projects"[3] placed in service after July 1, 2015. The amount of state tax credits available equal the amount of federal low-income housing tax credits for a qualified project, but cannot exceed $4.0 million per allocation year. The credits are not provided in a lump sum but instead are claimed in equal amounts over a 10 year period. The tax credit is nonrefundable; any unused credit may be carried forward for a period of five (5) years.

This measure *potentially* disallows the affordable housing income tax credit for qualified projects placed in service after January 1, 2020. It is presumed the Oklahoma Housing Finance Agency will award $4 million in credits each year from 2015 through 2019; however, as a result of this measure, additional awards ***may*** not be allowed after January 1, 2020. The potential income tax savings of $4 million should occur in FY21 when tax year 2020 income tax returns are filed.

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[2] The report required under 74 O.S. § 5017 (14) is proposed in SB 72 introduced in the 2015 Legislative session. This measure (SB 94) cannot become effective as law unless SB 72 becomes effective as law.

[3] "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 in a county with a population of less than one hundred fifty thousand (150,000) according to the latest Federal Decennial Census;