

1 ENGROSSED HOUSE  
2 BILL NO. 4018

By: McBride, Menz, and Dollens  
of the House

3 and

4 Seifried of the Senate  
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6  
7 An Act relating to revenue and taxation; amending 68  
8 O.S. 2021, Section 2357.403, as amended by Section 1,  
9 Chapter 139, O.S.L. 2022 (68 O.S. Supp. 2023, Section  
10 2357.403), which relates to affordable housing tax  
11 credits; providing for reallocation of credits; and  
12 providing an effective date.

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

14 SECTION 1. AMENDATORY 68 O.S. 2021, Section 2357.403, as  
15 amended by Section 1, Chapter 139, O.S.L. 2022 (68 O.S. Supp. 2023,  
16 Section 2357.403), is amended to read as follows:

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

19 B. As used in this section:

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

22 2. "Eligibility statement" means a statement authorized and  
23 issued by the Oklahoma Housing Finance Agency certifying that a  
24 given project qualifies for the Oklahoma Affordable Housing Tax  
Credit authorized by this section. The Oklahoma Housing Finance

1 Agency, under Title 330, Oklahoma Housing Finance Agency, Chapter  
2 36, Affordable Housing Tax Credit Program Rules, shall promulgate  
3 rules establishing criteria upon which the eligibility statements  
4 will be issued. The eligibility statement shall specify the amount  
5 of Oklahoma Affordable Housing Tax Credits allocated to a qualified  
6 project. The Oklahoma Housing Finance Agency shall only authorize  
7 the tax credits created by this section to qualified projects which  
8 are placed in service after July 1, 2015, but which shall not be  
9 used to reduce tax liability accruing prior to January 1, 2016;

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

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

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

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

23 C. For qualified projects placed in service after July 1, 2015,  
24 the amount of state tax credits created by this section which are

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

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

21 E. An insurance company claiming a credit against state premium  
22 tax or retaliatory tax or any other tax imposed by Section 624 or  
23 628 of Title 36 of the Oklahoma Statutes shall not be required to  
24 pay any additional retaliatory tax under Section 628 of Title 36 of

1 the Oklahoma Statutes as a result of claiming the credit. The  
2 credit may fully offset any retaliatory tax imposed by Section 628  
3 of Title 36 of the Oklahoma Statutes.

4 F. The credit authorized by this section shall not be used to  
5 reduce the tax liability of the taxpayer to less than zero (\$0.00).

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

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

15 I. If under Section 42 of the Internal Revenue Code of 1986, as  
16 amended, a portion of any federal low-income housing credits taken  
17 on a qualified project is required to be recaptured during the first  
18 ten (10) years after a project is placed in service, the taxpayer  
19 claiming Oklahoma Affordable Housing Tax Credits with respect to  
20 such project shall also be required to recapture a portion of such  
21 credits. The amount of Oklahoma Affordable Housing Tax Credits  
22 subject to recapture shall be proportionally equal to the amount of  
23 federal low-income housing credits subject to recapture.

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

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

8 SECTION 2. This act shall become effective November 1, 2024.

9 Passed the House of Representatives the 7th day of March, 2024.

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Presiding Officer of the House  
of Representatives

Passed the Senate the \_\_\_\_ day of \_\_\_\_\_, 2024.

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Presiding Officer of the Senate