

SUBCOMMITTEE AMENDMENT
HOUSE OF REPRESENTATIVES
State of Oklahoma

SPEAKER:

CHAIR:

I move to amend HB1950 _____
Of the printed Bill
Page _____ Section _____ Lines _____
Of the Engrossed Bill

By striking the Title, the Enacting Clause, the entire bill, and by inserting in lieu thereof the following language:

AMEND TITLE TO CONFORM TO AMENDMENTS

Adopted: _____

Amendment submitted by: Jose Cruz

Reading Clerk

1 STATE OF OKLAHOMA

2 1st Session of the 58th Legislature (2021)

3 PROPOSED SUBCOMMITTEE
4 SUBSTITUTE
5 FOR
6 HOUSE BILL 1950

By: Cruz

7 PROPOSED SUBCOMMITTEE SUBSTITUTE

8 An Act relating to revenue and taxation; defining
9 terms; authorizing credit for landlords; providing
10 for recapture of credit; limiting annual authorized
11 credits; authorizing carryover; authorizing refund of
12 credits to taxpayer; authorizing transfer of credits;
13 providing for registration program; requiring
14 submission of certain documentation; authorizing
15 Oklahoma Tax Commission to administer credit;
16 providing for codification; and providing an
17 effective date.

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

19 SECTION 1. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 2357.500 of Title 68, unless
21 there is created a duplication in numbering, reads as follows:

22 A. As used in this section:

23 1. "COVID-19" means the novel coronavirus identified as SARS-
24 CoV-2, the disease caused by SARS-CoV-2, and conditions associated
with the disease;

2. "COVID-19 financial hardship" means the financial difficulty
of paying rent caused by the COVID-19 pandemic such as loss of

1 employment, loss of financial support, increase in medical expenses,
2 increase of child care expenses, or other COVID-19-related
3 circumstances that have an effect on a tenant's ability to pay rent
4 which must be proven through documentation provided by the tenant in
5 the written agreement between the qualified entity and the tenant or
6 tenants to defer rent;

7 3. "Landlord" means the owner, lessor or sublessor of the
8 dwelling unit or the building of which it is a part, manufactured or
9 mobile home site, space or lot;

10 4. "Qualified entity" means:

- 11 a. an individual,
- 12 b. a general partnership,
- 13 c. a limited partnership,
- 14 d. a limited liability partnership,
- 15 e. a limited liability company,
- 16 f. a corporation, or
- 17 g. any other lawfully recognized entity;

18 5. "Qualified rental income loss" means an amount equal to the
19 gross amount of unpaid rent deferred by the qualified entity due
20 under a rental agreement which was deferred by written agreement
21 between the qualified entity and tenant or tenants due to COVID-19
22 financial hardship. Qualified rental income loss does not include
23 any amount in excess of one hundred percent (100%) of the sum of the
24

1 amounts of rent charged per month stated in the rental agreement
2 that would have been paid but for the written agreement;

3 6. "Qualified residential real property" means:

4 a. a single-family residential dwelling,

5 b. an apartment,

6 c. a duplex or townhome, or

7 d. any other structure or dwelling suitable for permanent
8 occupancy by one or more individuals;

9 7. "Rental agreement" means all agreements and valid rules and
10 regulations adopted under Section 126 of Title 41 of the Oklahoma
11 Statutes, which establish, embody or modify the terms and conditions
12 concerning the use and occupancy of a qualified residential real
13 property and premises;

14 8. "Tenant" means any person entitled under a rental agreement
15 to occupy a qualified residential real property; and

16 9. "Rent" means all payments, except deposits and damages, to be
17 made to the landlord under the rental agreement.

18 B. For taxable years beginning after December 31, 2019, and
19 ending not later than December 31, 2022, there shall be allowed a
20 credit against the tax imposed pursuant to Section 2355 of Title 68
21 of the Oklahoma Statutes in the amount of one hundred percent (100%)
22 for the qualified rental income loss incurred by a qualified entity
23 acting as a landlord of a qualified residential real property
24 pursuant to a rental agreement.

1 C. The Tax Commission shall recapture the credits otherwise
2 authorized by the this section if it finds the claimed qualified
3 rental income loss was recovered by the qualified entity pursuant to
4 late rent payments or pursuant to forcible entry and detainer or
5 other civil actions.

6 D. For tax years 2020 and thereafter the total credits
7 authorized pursuant to subsection B of this section for all
8 taxpayers shall not exceed Five Million Dollars (\$5,000,000.00)
9 annually. Pursuant to the total credits authorized by this
10 subsection, each taxpayer shall be limited to a maximum tax credit
11 of One Thousand Two Hundred and Fifty Dollars (\$1,250.00) annually.

12 E. The credit authorized pursuant to the provisions of this
13 section may not be used to reduce the tax liability of the taxpayer
14 to less than zero.

15 F. To the extent not used, the tax credit authorized by the
16 provisions of this section may be carried over, in order, to each of
17 the ten (10) subsequent taxable years.

18 G. The Tax Commission is hereby authorized to refund a qualified
19 entity for credits which have not been used by the qualified entity.
20 The qualified entity shall submit a written request for a refund
21 which shall contain the name, address and taxpayer identification
22 number of the qualified entity, the amount of the credit to be
23 refunded, the year the credit was originally allowed to the
24 qualified entity and the tax year or years for which the credit may

1 be claimed. The Tax Commission may promulgate rules to permit
2 verification of the validity and timeliness of a tax credit claimed
3 upon a tax return pursuant to this subsection but shall not
4 promulgate any rules that unduly restrict or hinder the refunds of
5 such tax credit.

6 H. The amount of the credit allowed but not used shall be
7 transferable to an unrelated party at any time during the ten (10)
8 years following the year of qualification. Any person to whom or to
9 which a tax credit is transferred shall have only such rights to
10 claim and use the credit under the terms that would have applied to
11 the entity by whom or by which the tax credit was transferred. The
12 provisions of this subsection shall not limit the ability of a tax
13 credit transferee to reduce the tax liability of the transferee
14 regardless of the actual tax liability of the tax credit transferor
15 for the relevant taxable period. The transferor originally allowed
16 the credit and the subsequent transferee shall jointly file a copy
17 of the written credit transfer agreement with the Tax Commission
18 prior to the transfer. The written agreement shall contain the
19 name, address and taxpayer identification number of the parties to
20 the transfer, the amount of the credit being transferred, the year
21 the credit was originally allowed to the transferor and the tax year
22 or years for which the credit may be claimed. A credit shall not be
23 transferred pursuant to the subsection to more than one taxpayer,
24 nor shall the credit be resold by the unrelated party to another

1 taxpayer or other party. The Tax Commission may promulgate rules to
2 permit verification of the validity and timeliness of a tax credit
3 claimed upon a tax return pursuant to this subsection but shall not
4 promulgate any rules that unduly restrict or hinder the transfers of
5 such tax credit.

6 I. 1. On or before January 1, 2022, the Tax Commission shall
7 create a registration program for qualified entities.

8 2. The registration form shall require the qualified entity to
9 provide necessary information, as determined by the Tax Commission,
10 including, but not limited to, the following items:

- 11 a. the legal name under which the qualified entity
12 transacts or intends to transact business,
- 13 b. the address and name of the tenant or tenants the
14 qualified entity is claiming qualified rental income
15 loss from,
- 16 c. the start date of the rent deferral and the amount of
17 rent deferred,
- 18 d. documentation proving the qualified entity did not
19 evict the tenant during the claimed deferral period,
- 20 e. the location of the qualified entity's place or places
21 of business,
- 22 f. a copy or copies of the written agreement between the
23 qualified entity and the tenant or tenants to defer
24

1 rent which must contain the tenant's documentation
2 proving COVID-19 financial hardship, and

3 g. a copy or copies of the existing rental agreement
4 between the qualified entity and the tenant or
5 tenants.

6 3. To be eligible for the credit authorized by this section,
7 each qualifying entity shall register with the Tax Commission within
8 sixty (60) days of executing a written agreement between the
9 qualified entity and the tenant or tenants.

10 4. Upon receipt of a registration form, the Tax Commission shall
11 provide a notice to the qualified entity that includes its
12 eligibility to receive the credit and the total amount of credit
13 that would be available to the eligible entity pursuant to this
14 section.

15 J. The Tax Commission shall promulgate rules, guidelines, and
16 procedures as are necessary for the proper administration of the
17 credit authorized in this section including any regulations to
18 prevent improper claims from being filed. The Tax Commission may
19 also develop forms and instructions as necessary for a qualified
20 entity, if applicable, to claim, obtain a refund, or transfer
21 credits provided by this section.

22 SECTION 2. This act shall become effective January 1, 2022.

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24 58-1-7431 AQH 02/09/21