

1                   **HOUSE OF REPRESENTATIVES - FLOOR VERSION**

2                                   STATE OF OKLAHOMA

3                                   1st Session of the 58th Legislature (2021)

4 COMMITTEE SUBSTITUTE  
5 FOR  
6 HOUSE BILL 1950

By: Cruz of the House

and

**Dossett (J.J.)** of the  
Senate

11                                   COMMITTEE SUBSTITUTE

12                   [ revenue and taxation - credit - landlords -  
13                   Oklahoma Tax Commission - effective date ]

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

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

21           A. As used in this section:

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

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

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

12        4. "Qualified entity" means:  
13            a. an individual,  
14            b. a general partnership,  
15            c. a limited partnership,  
16            d. a limited liability partnership,  
17            e. a limited liability company,  
18            f. a corporation, or  
19            g. any other lawfully recognized entity;

20        5. "Qualified rental income loss" means an amount equal to the  
21 gross amount of unpaid rent deferred by the qualified entity due  
22 under a rental agreement which was deferred by written agreement  
23 between the qualified entity and tenant or tenants due to COVID-19  
24 financial hardship. Qualified rental income loss does not include

1 any amount in excess of one hundred percent (100%) of the sum of the  
2 amounts of rent charged per month stated in the rental agreement  
3 that would have been paid but for the written agreement;

4 6. "Qualified residential real property" means:

- 5 a. a single-family residential dwelling,
- 6 b. an apartment,
- 7 c. a duplex or townhome, or
- 8 d. any other structure or dwelling suitable for permanent  
9 occupancy by one or more individuals;

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

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

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

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

1 acting as a landlord of a qualified residential real property  
2 pursuant to a rental agreement.

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

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

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

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

20 G. The Tax Commission is hereby authorized to refund a qualified  
21 entity for credits which have not been used by the qualified entity.  
22 The qualified entity shall submit a written request for a refund  
23 which shall contain the name, address and taxpayer identification  
24 number of the qualified entity, the amount of the credit to be

1 refunded, the year the credit was originally allowed to the  
2 qualified entity and the tax year or years for which the credit may  
3 be claimed. The Tax Commission may promulgate rules to permit  
4 verification of the validity and timeliness of a tax credit claimed  
5 upon a tax return pursuant to this subsection but shall not  
6 promulgate any rules that unduly restrict or hinder the refunds of  
7 such tax credit.

8 H. The amount of the credit allowed but not used shall be  
9 transferable to an unrelated party at any time during the ten (10)  
10 years following the year of qualification. Any person to whom or to  
11 which a tax credit is transferred shall have only such rights to  
12 claim and use the credit under the terms that would have applied to  
13 the entity by whom or by which the tax credit was transferred. The  
14 provisions of this subsection shall not limit the ability of a tax  
15 credit transferee to reduce the tax liability of the transferee  
16 regardless of the actual tax liability of the tax credit transferor  
17 for the relevant taxable period. The transferor originally allowed  
18 the credit and the subsequent transferee shall jointly file a copy  
19 of the written credit transfer agreement with the Tax Commission  
20 prior to the transfer. The written agreement shall contain the  
21 name, address and taxpayer identification number of the parties to  
22 the transfer, the amount of the credit being transferred, the year  
23 the credit was originally allowed to the transferor and the tax year  
24 or years for which the credit may be claimed. A credit shall not be

1 transferred pursuant to the subsection to more than one taxpayer,  
2 nor shall the credit be resold by the unrelated party to another  
3 taxpayer or other party. The Tax Commission may promulgate rules to  
4 permit verification of the validity and timeliness of a tax credit  
5 claimed upon a tax return pursuant to this subsection but shall not  
6 promulgate any rules that unduly restrict or hinder the transfers of  
7 such tax credit.

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

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

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

24

1 f. a copy or copies of the written agreement between the  
2 qualified entity and the tenant or tenants to defer  
3 rent which must contain the tenant's documentation  
4 proving COVID-19 financial hardship, and

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

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

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

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

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

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3 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated  
4 02/22/2021 - DO PASS, As Amended and Coauthored.  
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