

BILL SUMMARY
1st Session of the 58th Legislature

Bill No.:	HB 1950
Version:	CS
Request Number:	7615
Author:	Rep. Cruz
Date:	3/2/2021
Impact:	PRELIMINARY IMPACT

**Credit Available for Tax Years
2020 Through 2022**

**Annual Maximum Credits Authorized:
(\$5,000,000)**

**Maximum Credit Claimed:
\$1,250.00**

Research Analysis

The committee substitute to HB 1950 authorizes:

- A 100% tax credit for any landlord who incurs a qualified rental income loss for the taxable years 2020-2022;
- Carryover of the tax credit, to the extent not used, to each of the ten subsequent taxable years;
- The Tax Commission to refund a qualified landlord for credits they haven't used;
- Any amount of the tax credit not used to be transferrable to an unrelated party any time during the ten years following initial qualification; and
- The Tax Commission to promulgate rules and procedures for the administration of the tax credit.

If the Commission finds that the landlord recovered the qualified rental income loss through late rent payments or civil action, the Commission shall recapture the credit awarded. Total credits awarded shall not exceed \$5 million annually and each taxpayer shall not receive more than \$1,250 annually.

The measure also directs the Commission to create a registration program for qualified landlords who wish to receive this tax credit for qualified rental income loss, and in order to register, landlords must submit certain documentation detailing their rental income loss and proving they didn't evict their tenant for lack of rent payment.

Prepared By: Emily McPherson

Fiscal Analysis

The measure provides an income tax credit in the amount of one hundred percent (100%) for qualified rental income loss incurred by a qualifying entity acting as a landlord of a qualified residential real property pursuant to a rental contract. Qualified income losses relate to the gross

amount of unpaid rent deferred by a landlord when the deferral is established by written agreement.

The credit is made available for tax years 2020, 2021 and 2022. Total credits authorized for all taxpayers will not exceed \$5,000,000, with the maximum credit for any taxpayer to be limited to \$1,250.00

Prepared By: Mark Tygret

Other Considerations

The Tax Commission is to create a registration program for qualified entities as defined in the measure. Registration information is to include deferred rental start dates and amounts, proof of non-eviction and other relevant information. The Tax Commission has not indicated any potential administrative costs associated with the registration program.

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