

1 STATE OF OKLAHOMA

2 1st Session of the 60th Legislature (2025)

3 SENATE BILL 234

By: Rader

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5
6 AS INTRODUCED

7 An Act relating to income tax credit; creating the
8 Adaptive Reuse Housing Development Program; defining
9 terms; directing the Oklahoma Department of Commerce
10 and the Oklahoma Tax Commission to administer the
11 program; authorizing establishments to apply for tax
12 credit for certain qualified expenditures on an
13 adaptive reuse project; stipulating credit amount;
14 authorizing the Department to approve applications
15 for credit; limiting approval amount for fiscal year;
16 requiring reallocation of unused approval amounts to
17 subsequent fiscal year limitation; requiring the
18 Department to develop a preference rating system;
19 authorizing the establishment to claim credit upon
20 application approval and project completion;
21 requiring the Department to verify qualification;
22 requiring the Department to provide notification to
23 the Commission when credit is awarded; stipulating
24 the tax year in which credit is awarded; prohibiting
25 refundability of credit; authorizing the carry
26 forward of credit; authorizing the promulgation of
27 rules; providing for codification; providing an
28 effective date; and declaring an emergency.

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

31 SECTION 1. NEW LAW A new section of law to be codified
32 in the Oklahoma Statutes as Section 2357.413 of Title 68, unless
33 there is created a duplication in numbering, reads as follows:
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1 A. There is hereby created the Adaptive Reuse Housing
2 Development Program.

3 B. As used in this section:

4 1. "Adaptive reuse" means the process of adapting obsolete
5 structures for residential use;

6 2. "Obsolete structure" means a structure that:

7 a. is at least thirty (30) years old,

8 b. has been vacant or underutilized for at least three
9 (3) years, and

10 c. generates rental from an underutilized structure
11 income that is less than fifty percent (50%) of the
12 local market rate income for a property of similar
13 class and size;

14 3. "Program" means the Adaptive Reuse Housing Development
15 Program;

16 4. "Qualified expenditures" means additional costs related to
17 the development of an obsolete structure not typically incurred in
18 the construction of new structures or the rehabilitation of
19 relatively more modern structures, including:

20 a. environmental remediation,

21 b. bringing the structure into compliance with applicable
22 building codes and regulations,

23 c. efficiency upgrades, and
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1 F. For a fiscal year where applications for credit exceed the
2 fiscal year limitations pursuant to subsection E of this section,
3 the Department shall develop a preference rating system for approval
4 based on the following:

- 5 a. rental vacancy rates in the area of the proposed
6 project,
- 7 b. rent rates in the area of the proposed project,
- 8 c. area median income, and
- 9 d. availability of affordable housing in the area of the
10 proposed project.

11 G. Upon approval of an application and the completion of the
12 adaptive reuse project, the establishment shall be eligible to claim
13 the credit for tax year 2026 and subsequent tax years, not to exceed
14 the approved amount, for qualified expenditures. The Department
15 shall verify the project is completed and meets all prescribed
16 requirements before approving the claim for credit.

17 H. Upon approval of the claim for credit, the Department shall
18 notify the Commission of the credit amount awarded to the
19 establishment. The credit shall be awarded for the tax year
20 corresponding to the calendar year in which the claim is approved.

21 I. Credit awarded pursuant to this section shall not be used to
22 reduce the income tax liability of the taxpayer to less than zero
23 (0). If the amount of the credit allowed pursuant to subsection D
24 of this section exceeds the income tax liability, the amount of
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1 credit not used in any tax year may be carried forward, in order, to
2 each of the ten (10) subsequent tax years.

3 J. The Department and the Commission may promulgate rules to
4 effectuate the provisions of this section.

5 SECTION 2. This act shall become effective July 1, 2025.

6 SECTION 3. It being immediately necessary for the preservation
7 of the public peace, health or safety, an emergency is hereby
8 declared to exist, by reason whereof this act shall take effect and
9 be in full force from and after its passage and approval.

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