

1 **SENATE FLOOR VERSION**

2 March 5, 2025

3 **AS AMENDED**

4 SENATE BILL NO. 234

By: Rader

5 [income tax credit - Adaptive Reuse Housing
6 Development Program - applications - reallocation -
7 preference rating system - qualification -
8 notification - carry forward - promulgation of rules
9 - codification - effective date -
10 **emergency]**

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

12 SECTION 1. NEW LAW A new section of law to be codified
13 in the Oklahoma Statutes as Section 2357.413 of Title 68, unless
14 there is created a duplication in numbering, reads as follows:

15 A. There is hereby created the Adaptive Reuse Housing
16 Development Program.

17 B. As used in this section:

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

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

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

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

24 c. generates rental from an underutilized structure

income that is less than fifty percent (50%) of the

1 local market rate income for a property of similar
2 class and size;

3 3. "Program" means the Adaptive Reuse Housing Development
4 Program;

5 4. "Qualified expenditures" means additional costs related to
6 the development of an obsolete structure not typically incurred in
7 the construction of new structures or the rehabilitation of
8 relatively more modern structures, including:

- 9 a. environmental remediation,
- 10 b. bringing the structure into compliance with applicable
11 building codes and regulations,
- 12 c. efficiency upgrades, and
- 13 d. plumbing, electrical, and climate control upgrades;
14 and

15 5. "Underutilized" means a structure where at least fifty
16 percent (50%) of rentable square footage is vacant, or a structure
17 that is utilized for a use for which the structure was not
18 originally designed or intended.

19 C. The program shall be administered by the Oklahoma Department
20 of Commerce and the Oklahoma Tax Commission.

21 D. An establishment may apply for credit against the tax
22 imposed pursuant to Section 2355 of Title 68 of the Oklahoma
23 Statutes for up to fifty percent (50%) of qualified expenditures for
24

1 an adaptive reuse project. Applications for credit shall be made on
2 a form prescribed by the Department.

3 E. Beginning fiscal year 2026 and in subsequent fiscal years,
4 the Department is authorized to approve applications for credit, not
5 to exceed Five Million Dollars (\$5,000,000.00) in any fiscal year.
6 Partial approval for credit due to the fiscal year limitations
7 provided in this subsection may be awarded by the Department. In
8 any fiscal year where the credit amount approved is less than the
9 limitation provided in this subsection, the difference shall be
10 added to the limitation in subsequent fiscal years. Credits
11 approved but not claimed pursuant to subsection G of this section
12 shall be added to the limitation in subsequent fiscal years.

13 F. For a fiscal year where applications for credit exceed the
14 fiscal year limitations pursuant to subsection E of this section,
15 the Department shall develop a preference rating system for approval
16 based on the following:

- 17 a. rental vacancy rates in the area of the proposed
18 project,
- 19 b. rent rates in the area of the proposed project,
- 20 c. area median income, and
- 21 d. availability of affordable housing in the area of the
22 proposed project.

23 G. Upon approval of an application and the completion of the
24 adaptive reuse project, the establishment shall be eligible to claim

1 the credit for tax year 2026 and subsequent tax years, not to exceed
2 the approved amount, for qualified expenditures. The Department
3 shall verify the project is completed and meets all prescribed
4 requirements before approving the claim for credit.

5 H. Upon approval of the claim for credit, the Department shall
6 notify the Commission of the credit amount awarded to the
7 establishment. The credit shall be awarded for the tax year
8 corresponding to the calendar year in which the claim is approved.

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

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

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

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

22 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS
23 March 5, 2025 - DO PASS AS AMENDED
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