

1 STATE OF OKLAHOMA

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

3 SENATE BILL 234

By: Rader

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;
authorizing the establishment to claim credit upon
application approval and project completion;
requiring the Department to verify qualification;
requiring the Department to provide notification to
the Commission when credit is awarded; stipulating
the tax year in which credit is awarded; prohibiting
refundability of credit; authorizing the carry
forward of credit; authorizing the promulgation of
rules; providing for codification; providing an
effective date; and declaring an emergency.

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

21 SECTION 1. NEW LAW A new section of law to be codified
22 in the Oklahoma Statutes as Section 2357.413 of Title 68, unless
23 there is created a duplication in numbering, reads as follows:
24

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

B. As used in this section:

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

2. "Obsolete structure" means a structure that:

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

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

generates rental from an underutilized structure

income that is less than fifty percent (50%) of the local market rate income for a property of similar class and size;

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

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

a. environmental remediation,

b. bringing the structure into compliance with applicable

1 d. plumbing, electrical, and climate control upgrades;

2 and

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

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

9 D. An establishment may apply for credit against the tax
10 imposed pursuant to Section 2355 of Title 68 of the Oklahoma
11 Statutes for up to fifty percent (50%) of qualified expenditures for
12 an adaptive reuse project. Applications for credit shall be made on
13 a form prescribed by the Department.

14 E. Beginning fiscal year 2026 and in subsequent fiscal years,
15 the Department is authorized to approve applications for credit, not
16 to exceed Five Million Dollars (\$5,000,000.00) in any fiscal year.

17 Partial approval for credit due to the fiscal year limitations
18 provided in this subsection may be awarded by the Department. In
19 any fiscal year where the credit amount approved is less than the
20 limitation provided in this subsection, the difference shall be
21 added to the limitation in subsequent fiscal years. Credits
22 approved but not claimed pursuant to subsection G of this section
23 shall be added to the limitation in subsequent fiscal years.

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

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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