

SB 166 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

Prepared By: Chris Allanach, Senior Economist
Sub-Referral To: Joint Committee On Tax Credits
Meeting Dates: 2/15

WHAT THE MEASURE DOES:

Moves the sunset date for the Affordable Housing Lender's tax credit from January 1, 2020 to January 1, 2026.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

BACKGROUND:

Lender's who make a below market rate loan for affordable housing are allowed a tax credit equal to the difference between the two interest rates, up to a 4% rate differential. There is a program cap of \$17 million in outstanding tax credits. The credit is non-refundable but does have a five year carryforward. In recent years, about 20 corporations have claimed an average of \$9 million in tax credits each year. On average, they have collectively reduced their corporation income tax liability by roughly \$6 million each year.