

SB 166 STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

Action Date: 02/15/17

Action: Without recommendation as to passage, be referred to
Tax Credits by prior reference.

Vote: 5-0-0-0

Yeas: 5 - Baertschiger Jr, Boquist, Hass, Riley, Taylor

Fiscal: Fiscal impact issued

Revenue: Revenue impact issued

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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:

- Overview of the development process for affordable housing
- Value of housing development to economic activity
- Tax credit audit process
- Beneficiaries of the tax credit and the overall policy
- Interaction with the federal low-income housing tax credit

EFFECT OF AMENDMENT:

No 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.