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S.B. 250
136th General Assembly

Bill Analysis

Version: As Introduced

Primary Sponsor: Sen. Reynolds

Andrew Little, Attorney

SUMMARY

- Authorizes a nonrefundable but transferrable tax credit for an eligible charitable organization that facilitates the development of owner-occupied housing on land the organization owns.
- Limits the credit that may be awarded to a taxpayer to \$2 million per biennium and the aggregate amount of tax credits that may be awarded to \$25 million per fiscal year.

DETAILED ANALYSIS

Promised land tax credit

The bill authorizes the promised land tax credit – a nonrefundable and transferable credit against insurance company taxes or the financial institutions tax or income tax for churches or other 501(c)(3) organizations (collectively referred to as “eligible nonprofit organizations”) that facilitate the construction of housing on at least one acre of property the church or organization owns.¹

An organization may facilitate the construction of housing by entering into an agreement to provide land through contribution, lease, or similar arrangement, and then another person finances and constructs the housing. The total cost to construct the housing, including the cost or value of the underlying land is used to calculate the credit, which equals 10% of that total cost.²

¹ R.C. 122.841(A)(1) and (I).

² R.C. 122.481(B) and (C).

Credit applications and maximums

The credit may only be obtained by filing a credit application with the Director of Development. Eligible nonprofit organizations are the only parties permitted to apply for credits, even if they enter into agreements for others to finance and construct housing on organization-owned land.³ Applications are submitted to the Director after one or more units are sold to an owner-occupant for use as each buyer's primary residence and are accepted during two windows each year, January 10 to February 1 and July 10 to August 1 (or the next business day, if any of those dates falls outside a business day). The six-month period before each application window is defined as a "development period."

Applications must be made on forms prescribed by the Director and include all the following information:

- The number of housing units the organization facilitated construction of that were sold to owner-occupants during the immediately preceding development period;
- The aggregate acreage of all parcels on which the housing units were constructed;
- The amount to construct each unit, with land costs for multi-unit parcels apportioned to each unit in proportion to the unit's share of the total square footage of all units on each parcel;
- Any other information the Director requires.⁴

Applications are reviewed in the order they are received and if an applicant qualifies for a credit the Director must issue a tax credit certificate within 60 days after the last day in the relevant application window unless program or applicant-specific maximums are met. The Director may not issue more than \$25 million in tax credits per fiscal year, and no single applicant may receive more than \$2 million in credits per fiscal biennium. The bill also allows preference for applications that incorporate mechanisms to preserve affordability and owner-occupancy, e.g., ground lease arrangements or deed restrictions.⁵

Allowable agreement terms

The bill allows any terms, whether included in contracts or title documents, related to the construction or sale of housing that is the basis for a credit if they are not in conflict with the bill's express requirements. In other words, agreements between eligible nonprofit organizations and other persons for the construction of housing, purchase and sale agreements with buyers, and deeds can include any provisions not in conflict with the bill. Those provisions may include mechanisms to preserve affordability and owner-occupancy. Additionally, the bill does not require transfer of land ownership for housing units to qualify as owner-occupied, though units

³ R.C. 122.841(E)(4).

⁴ R.C. 122.841(B).

⁵ R.C. 122.841(E)(1), (2), and (5).

themselves must be transferred and include at least a leasehold interest in the underlying land to qualify as such.⁶

Transferring and claiming credits

An eligible nonprofit organization that does not have a tax liability to claim the tax against, or enough tax liability to use the whole credit, may transfer some or all of the credit to another person. To transfer a credit, written notice must be provided to the Tax Commissioner that includes the tax credit certificate number, the amount of remaining credit transferred, and, if applicable, the amount of credit retained.

Credits may be claimed based on the calendar year in which they were issued or the ensuing calendar year. To the extent the credit amount exceeds the taxpayer's liability for a year, the unclaimed balance may be carried forward for five years. Any person to whom a certificate is transferred may also transfer the certificate and the right to claim any remaining credit.⁷

Annual reporting

The bill requires the Director of Development to provide an annual report about the credit to the Governor, Speaker and Minority Leader of the House of Representatives, and President and Minority Leader of the Senate. The report must include the number of owner-occupied housing units for which a credit application was submitted during the preceding year, the address of each unit, and the number of owner-occupied housing units for which tax credits were awarded.⁸

HISTORY

Action	Date
Introduced	09-03-25

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⁶ R.C. 122.841(B) and (D).

⁷ R.C. 122.841(E)(3) and (G), 5725.38, 5725.98, 5726.61, 5726.98, 5729.21, 5729.98, 5747.86, and 5747.98.

⁸ R.C. 122.841(H).