

SENATE BILL NO. 408

INTRODUCED BY E. BUTTREY

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4 A BILL FOR AN ACT ENTITLED: "AN ACT CREATING AN AFFORDABLE WORKFORCE HOUSING
5 INCENTIVE FUND TO BE USED BY THE BOARD OF HOUSING TO ADDRESS CERTAIN WORKFORCE
6 HOUSING NEEDS; PROVIDING FOR A TAX CREDIT FOR CONTRIBUTIONS TO THE AFFORDABLE
7 WORKFORCE HOUSING INCENTIVE FUND; LIMITING THE TOTAL AMOUNT OF CREDITS THROUGH AN
8 APPLICATION PROCESS TO THE BOARD OF HOUSING; AND PROVIDING AN APPLICABILITY DATE AND
9 A TERMINATION DATE."

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11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

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13 **NEW SECTION. Section 1. Affordable workforce housing incentive fund -- administration.** (1)

14 There is an account in the state special revenue fund established in 17-2-102 to be known as the affordable
15 workforce housing incentive fund. Contributions to the fund are eligible for a tax credit as provided in [sections
16 2 and 3]. Subject to subsection (2)(c) of this section, a contributor to the fund may specify a preference for the
17 county in which the contribution is to be used.

18 (2) (a) The board shall create an annual allocation plan for the distribution of the fund. Except as
19 provided in subsection (2)(b), the plan must include the following:

20 (i) 25% must be used in counties that can demonstrate economic impacts and housing demand based
21 on increased development activity or natural disasters;

22 (ii) 25% must be used in communities with populations of 10,000 or less to address an unmet workforce
23 housing need or alleviate a workforce housing shortage; and

24 (iii) 50% must be used to benefit those with an annual income level at or below the annual median income
25 for the county, as determined by the United States department of housing and urban development, with
26 adjustments for smaller and larger families.

27 (b) The board may modify the percentages in subsection (2)(a) if it determines that the allocations do not
28 address unmet workforce housing needs in the state. The modification may occur after creation of the plan,
29 including but not limited to a modification during the scoring and ranking process. However, no single housing
30 sponsor is entitled to receive more than 25% of total funds available in any application round.

1 (c) If a contributor specifies a preference for a county in which the contribution is to be used as provided
2 in subsection (1), the board may consider the preference as a factor, in addition to considering the allocation plan
3 and adopted guidelines. In the event of a conflict between the allocation plan and the preference, the board shall
4 follow the allocation plan.

5 (3) The board may collect a reasonable administrative fee from the fund.

6 (4) The board shall adopt guidelines for the fund to address unmet workforce housing needs in the state.
7 The guidelines must give first priority through the scoring and ranking process to housing for an essential service
8 worker. Assistance from the fund may be used only for:

9 (a) new construction, rehabilitation, or acquisition of a multifamily housing project;

10 (b) gap assistance, matching funds, and accessibility improvements;

11 (c) assistance that does not exceed the amount necessary to qualify for a loan using underwriting
12 standards acceptable for secondary market financing or to make the project feasible; and

13 (d) water and sewage infrastructure necessary to support workforce housing.

14 (5) The following entities may receive disbursements from the fund:

15 (a) a unit of local, state, or tribal government;

16 (b) a local or tribal housing authority;

17 (c) a certified regional development corporation;

18 (d) a nonprofit organization; and

19 (e) a for-profit developer of multifamily housing.

20 (6) Within 30 days after the date on which a taxpayer makes a contribution to the affordable workforce
21 housing incentive fund, the board shall provide the department of revenue with a list that shows for each
22 contribution to the fund:

23 (a) the name, address, and social security number or federal employer identification number of the
24 taxpayer that made the contribution;

25 (b) the dollar amount of the contribution; and

26 (c) the date on which the contribution was received.

27 (7) For the purposes of this section, "essential service worker" means an individual employed by a unit
28 of a local, state, or tribal government, including a school district and a medical or long-term care facility, and
29 individuals determined by the board who fulfill an essential public service.

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1 **NEW SECTION. Section 2. Tax credit for contributions to affordable workforce housing incentive**

2 **fund.** There is a credit against the taxes otherwise due under this chapter for contributions to the affordable
3 workforce housing incentive fund provided for in [section 1]. The credit must be computed in accordance with the
4 provisions of [section 3].

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6 **NEW SECTION. Section 3. Tax credit for contributions to affordable workforce housing incentive**

7 **fund.** (1) There is a credit against the taxes otherwise due under this chapter for contributions to the affordable
8 workforce housing incentive fund provided for in [section 1].

9 (2) The credit allowed under subsection (1) is equal to the amount contributed to the fund during the tax
10 year.

11 (3) If the amount of the credit exceeds the taxpayer's tax liability under chapter 30 or this chapter, the
12 credit may be carried forward 10 years.

13 (4) If the credit allowed under this section is claimed by a small business corporation as defined in
14 15-30-3301 or by a partnership, the credit must be attributed to shareholders or partners using the same
15 proportions used to report the corporation's or partnership's income or loss for Montana income tax purposes.

16 (5) The aggregate amount of tax credits allowed under this section and [section 2] is \$2 million per year
17 beginning in tax year 2016.

18 (6) The board of housing shall approve the amount of tax credits for taxpayers on a first-come,
19 first-served basis.

20 (7) Before making a contribution to the fund, a potential donor shall by November 1 of the year in which
21 the credit is sought notify the board of housing of the total amount of contributions that the potential donor intends
22 to make to the affordable workforce housing incentive fund. The donor shall use a form that is approved by the
23 board of housing for the notification, and the board of housing shall preapprove or deny the requested amount
24 within 30 days after receiving the request from the potential donor. If within 30 days the board of housing fails to
25 preapprove or deny the request, the request is considered approved. To receive a tax credit under this section,
26 a donor shall make the contribution to the affordable workforce housing incentive fund within 30 days after
27 receiving notice from the board of housing that the requested amount was preapproved or within 30 days of the
28 date the amount was considered approved. If the potential donor does not make the contribution within the
29 required time, the board of housing may not include the preapproved contribution amount when calculating the
30 limit prescribed in subsection (5) and the donor may not receive the credit.

1 (8) Preapproval of contributions by the board of housing must be based solely on the availability of tax
2 credits subject to the aggregate total limit established in subsection (5).

3 (9) To claim the tax credit under this section, a taxpayer shall attach a form that is approved by the board
4 of housing to the taxpayer's tax return confirming that a donation was made. The form must be signed by the
5 board of housing and must include the taxpayer's name, address, and tax identification number, the amount of
6 the contribution, the date of the contribution, and the amount of the credit.

7 (10) The contribution amount used to calculate the credit under this section may not be used to calculate
8 any other state income tax deduction or credit allowed by law.

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10 **NEW SECTION. Section 4. Codification instruction.** (1) [Section 1] is intended to be codified as an
11 integral part of Title 90, chapter 6, part 1, and the provisions of Title 90, chapter 6, part 1, apply to [section 1].

12 (2) [Section 2] is intended to be codified as an integral part of Title 15, chapter 30, part 23, and the
13 provisions of Title 15, chapter 30, part 23, apply to [section 2].

14 (3) [Section 3] is intended to be codified as an integral part of Title 15, chapter 31, part 1, and the
15 provisions of Title 15, chapter 31, part 1, apply to [section 3].

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17 **NEW SECTION. Section 5. Applicability.** [This act] applies to tax years beginning after December 31,
18 2015.

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20 **NEW SECTION. Section 6. Termination.** [This act] terminates December 31, 2025.

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