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HOUSE BILL NO. 816

INTRODUCED BY J. KASSMIER, S. FITZPATRICK

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING THE DISTRIBUTION OF SURPLUS REVENUE; ~~PROVIDING FOR A SUPPLEMENTAL INCOME TAX REBATE; PROVIDING FOR A SUPPLEMENTAL PROPERTY TAX REBATE; CREATING THE MONTANA WORKFORCE HOUSING TRUST FUND; DISTRIBUTING SURPLUS REVENUE TO THE MONTANA WORKFORCE HOUSING TRUST FUND; PROVIDING LOAN AND GRANT REQUIREMENTS; PROVIDING RULEMAKING AUTHORITY; PROVIDING AN APPROPRIATION; PROVIDING FOR A TRANSFER OF FUNDS, PROVIDING A DEFINITION; AND AMENDING SECTION 90-6-136, MCA AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A TERMINATION DATE.~~"

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

(Refer to Introduced Bill)

Strike everything after the enacting clause and insert:

NEW SECTION. Section 1. Montana workforce housing trust fund. (1) There is a Montana workforce housing trust fund in the housing authority enterprise fund provided for in 90-6-107. The money in the fund must be used to provide loans and grants for the development and preservation of rental housing and homes for purchase intended for the Montana workforce at affordable housing rates.
(2) (a) Half of the principal in the fund must be reserved and invested to earn interest. The remaining principal must be used to provide loans and grants to eligible applicants as provided for in this section.
(b) After the remaining principal is loaned or granted to eligible applicants as provided in subsection (2)(a), the amount of loans and grants made in a fiscal year is contingent on the repayment of loan principal and on the amount of interest income generated by the principal of the fund reserved pursuant to subsection (2)(a).

Amendment - 1st Reading-white - Requested by: Jill Cohenour - (H) Taxation

- 2023

68th Legislature 2023

Drafter: Megan Moore, 406-444-4496

HB0816.001.001

- 1 (3) (a) Money from the fund must be used for the purposes identified in 90-6-134(3) and (4) and
2 this section.
- 3 (b) Loans and grants made pursuant to this section must meet the following requirements:
- 4 (i) Projects funded with the loans or grants must be leased or sold at affordable housing rates.
- 5 (ii) The maximum interest rate charged on a loan pursuant to this section may not be greater than
6 the interest rate charged on loans for other types of housing projects administered by the board pursuant to this
7 part.
- 8 (iii) If the loan recipient is a for-profit housing developer, the loan recipient shall pay loan servicing
9 fees.
- 10 (iv) Projects funded with the loans or grants must be subject to property taxes unless the project is
11 exempt from property tax collection pursuant to Title 15, chapter 6.
- 12 (4) Eligible projects may include the initial construction or the preservation and reconstruction of
13 developments that provide rental housing at affordable housing rates or projects that provide housing for buyers
14 to purchase and own at affordable housing rates.
- 15 (5) (a) Organizations eligible for loans from the fund are state government or state agencies or
16 programs, local governments, tribal governments, local housing authorities, nonprofit community-based or
17 neighborhood-based organizations, regional or statewide nonprofit housing assistance organizations, or for-
18 profit housing developers.
- 19 (b) Organizations eligible for grants from the fund are local governments, local housing authorities,
20 nonprofit community-based or neighborhood-based organizations, or regional or statewide nonprofit housing
21 assistance organizations.
- 22 (6) The costs incurred by the board in administering the fund may be paid from the fund.
- 23 (7) Interest and principal on loans from the fund must be repaid to the fund.
- 24 (8) Interest income generated by investment of the principal of the fund is retained in the fund.
- 25 (9) For the purposes of this section, "affordable housing rates" means:
- 26 (a) a rental rate that costs less than 25% of a household's monthly income for a household with an
27 annual income at or below 80% of the median income in the area, as determined by the United States
28 department of housing and urban development; and

1 (b) the price of housing sold for which the mortgage payment, including any mortgage insurance
2 and escrow costs, is substantially similar to the ratio of total fixed payments to effective income as determined
3 by the United States department of housing and urban development.
4

5 **Section 2.** Section 90-6-136, MCA, is amended to read:

6 **"90-6-136. Administrative rules.** The board shall adopt rules to implement 90-6-131 through 90-6-
7 137 and [section 1]. The rules must address:

- 8 (1) the development of eligibility criteria for applicants;
- 9 (2) the development of an application process for requesting financial assistance;
- 10 (3) the establishment of a procedure for disbursing financial assistance;
- 11 (4) the establishment of the terms and conditions of a loan, including the method and schedule of
12 repayment and the applicable rate of interest;
- 13 (5) the development of a process for awarding technical assistance contracts; and
- 14 (6) other matters necessary for the administration of 90-6-131 through 90-6-137 and [section 1]."

15
16 **NEW SECTION. Section 3. Transfer of funds.** By August 1, 2023, the state treasurer shall transfer
17 \$700 million from the general fund to the Montana workforce housing trust fund created in [section 1].
18

19 **NEW SECTION. Section 4. Appropriation.** (1) There is appropriated \$700 million from the Montana
20 workforce housing trust fund created in [section 1] to the board of housing for the biennium beginning July 1,
21 2023.

22 (2) The appropriation must be used to provide loans and grants to construct and secure affordable
23 housing for Montana's workforce.
24

25 **NEW SECTION. Section 5. Codification instruction.** [Section 1] is intended to be codified as an
26 integral part of Title 90, chapter 6, part 1, and the provisions of Title 90, chapter 6, part 1, apply to [section 1].
27

- END -