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**** BILL NO. ****

INTRODUCED BY ****

BY REQUEST OF THE LOCAL GOVERNMENT INTERIM COMMITTEE ****

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR WORKFORCE HOUSING TAX CREDITS; PROVIDING THAT THE CREDITS MAY BE TAKEN AGAINST THE INCOME TAX OR INSURANCE PREMIUM TAXES; PROVIDING AN APPLICABILITY DATE AND A TERMINATION DATE."

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

NEW SECTION. **Section 1. Workforce housing tax credit.** Commencing with tax years beginning on or after January 1, 2022, a taxpayer owning an interest in a qualified project issued an eligibility statement by the board of housing may claim a credit against taxes imposed by Title 15, chapter 31, 33-2-705, 33-2-709, 50-3-109, and this chapter.

(2) The board of housing shall issue eligibility statements for qualified projects on approval of a final cost certification. If the credit is claimed by a small business corporation as defined in 15-30-3301, a pass-through entity, or a partnership, the credit may be allocated to some or all shareholders, owners, members, or partners, regardless of whether the shareholder, owner, member, or partner is a partner for federal income tax purposes. The eligibility statement must specify the total amount of the credit for which the qualified project is eligible for each year of the credit period.

(3) The credit is approved for a period of 6 tax years beginning with the tax year in which a qualified project is placed in service.

(4) The total amount of credits allocated by the board of housing to qualified projects for any allocation year may not exceed the amount of federal low-income housing tax credits that may be allocated by the board of housing for that year, plus the total amount of all unallocated credits from previous calendar years and the total amount of all previously allocated credits that have been revoked or otherwise recovered by the board of housing.

(5) If the amount of the credit exceeds the taxpayer's liability for the year, the credit may be carried

1 forward 5 years. The entire amount of the credit not used in the year must be carried first to the earliest tax year
2 in which the credit may be applied and then to each succeeding tax year.

3 (6) A taxpayer claiming the credit must own an interest, direct or indirect (through one or more pass-
4 through entities), in the qualified project at any time prior to filing a tax return claiming the credit and shall
5 submit a copy of the eligibility statement with the tax return claiming the credit. If the board of housing has not
6 issued the eligibility statement at the time the taxpayer files the return, the taxpayer shall file an amended return
7 to include the eligibility statement.

8 (7) If all or a portion of the federal low-income housing credit is recaptured or is otherwise disallowed
9 during the credit period, the same portion of the Montana credit is also recaptured or disallowed. Any credits
10 recaptured or disallowed increase the tax liability of the taxpayer who claimed the credit in the same amount
11 and must be included on the tax return of the taxpayer for the year in which the credit is recaptured or
12 disallowed.

13 (8) The board of housing may not allocate to a project a combined amount of federal low-income
14 housing credits and Montana credits that is more than is necessary to make the project financially feasible.

15 (9) Notwithstanding any other provisions in this section, a developer of a qualified project, including the
16 owner of a developer, may not claim a credit or receive any remuneration related to a credit except for the
17 developer's fee and other distributions allowed by the board of housing.

18 (10) As used in this section, the following definitions apply:

19 (a) "Allocation year" means the year for which the board of housing reserves tax credits pursuant to
20 this section.

21 (b) "Developer" means an individual or entity responsible for initiating and controlling the development
22 process with respect to a qualified project and for ensuring that all or any material portions of all phases of the
23 development process are accomplished.

24 (c) "Qualified project" means a qualified low-income building, as that term is defined in section 42 of
25 the Internal Revenue Code, 26 U.S.C. 42, located in Montana and placed into service on or after January 1,
26 2022.

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28 NEW SECTION. **Section 2. Workforce housing tax credit.** Commencing with tax years beginning

1 on or after January 2, 2022, a taxpayer owning an interest in a qualified project, as defined in [section 1], that is
2 issued an eligibility statement by the board of housing may claim a credit against the taxes imposed under this
3 chapter. The credit must be administered in accordance with the provisions of [section 1].
4

5 NEW SECTION. Section 3. Workforce housing tax credit. Commencing with tax years beginning
6 on or after January 2, 2022, a taxpayer owning an interest in a qualified project, as defined in [section 1], that is
7 issued an eligibility statement by the board of housing may claim a credit against taxes due under 33-2-705 and
8 33-2-709. The credit must be administered in accordance with the provisions of [section 1].

9 (2) An insurance company claiming a workforce housing tax credit against the taxes imposed by 33-2-
10 705 or 33-2-709 may not be required to pay any additional retaliatory tax as a result of claiming the credit. The
11 credit may fully offset any retaliatory tax imposed by the state.
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13 NEW SECTION. Section 4. Workforce housing tax credit. Commencing with tax years beginning
14 on or after January 1, 2022, a taxpayer owning an interest in a qualified project, as defined in [section 1], that is
15 issued an eligibility statement by the board of housing may claim a credit against taxes due under 50-3-109.
16 The credit must be administered in accordance with the provisions of [section 1].
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18 NEW SECTION. Section 5. Codification instruction. (1) [Section 1] is intended to be codified as
19 an integral part of Title 15, chapter 30, and the provisions of Title 15, chapter 30, apply to [section 1].

20 (2) [Section 2] is intended to be codified as an integral part of Title 15, chapter 31, and the provisions
21 of Title 15, chapter 31, apply to [section 2].

22 (3) [Section 3] is intended to be codified as an integral part of Title 33, chapter 2, part 7, and the
23 provisions of Title 33, chapter 2, part 7, apply to [section 3].

24 (4) [Section 4] is intended to be codified as an integral part of Title 50, chapter 3, part 1, and the
25 provisions of Title 50, chapter 3, part 1, apply to [section 4].
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27 NEW SECTION. Section 6. Applicability. [This act] applies to tax years beginning after
28 December 31, 2021.

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NEW SECTION. **Section 7. Termination.** [This act] terminates December 31, 2026.

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