

HOUSE BILL NO. 21

INTRODUCED BY L. BREWSTER

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; AMENDING SECTION 15-30-2303, MCA; AND PROVIDING AN APPLICABILITY DATE."

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

NEW SECTION. Section 1. Workforce housing tax credit. (1) In tax years beginning on or after January 1, 2026, a taxpayer owning an interest in a qualified project that is issued an eligibility statement by the board of housing may claim a credit against the 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 allocate workforce housing tax credits using the qualified allocation plan process. 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 that may be claimed in each year the qualified project is eligible to claim a credit.

(3) The credit may be claimed for each year of a 6-year period 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 ~~\$1.5~~ \$2 million 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all unallocated credits from previous calendar years and the total amount of all previously allocated credits that have been revoked or otherwise recovered by the board of housing.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 tax year, the credit may be

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

3 (6) A taxpayer claiming the credit must own a direct or indirect interest, 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 submit
5 a copy of the eligibility statement with the tax return claiming the credit. If the board of housing has not issued
6 the eligibility statement at the time the taxpayer files the return, the taxpayer shall file an amended return to
7 include the eligibility statement.

8 (7) If all or a portion of the federal low-income housing credit is recaptured or is otherwise
9 disallowed during the period in which the qualified project is eligible to claim a credit, the same portion of the
10 Montana workforce housing credit is also recaptured or disallowed. Any credits recaptured or disallowed
11 increase the tax liability of the taxpayer who claimed the credit in the same amount and must be included on the
12 tax return of the taxpayer for the year in which the credit is recaptured or 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 workforce housing credits that is more than is necessary to make the project
15 financially feasible.

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

19 (10) The board of housing may not award reservations of tax credits after December 31, 2031.

20 (11) As used in this section, the following definitions apply:

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

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

26 (c) "Qualified project" means a qualified low-income building, as the term is defined in section 42
27 of the Internal Revenue Code, 26 U.S.C. 42, located in the state and placed into service on or after January 1,
28 2026.