

Introduced by

Senators Bekkedahl, Laffen

Representatives Hatlestad, Sukut

1 A BILL for an Act to amend and reenact sections 54-17-40, 54-17-41, and 57-38-01.32 of the  
2 North Dakota Century Code, relating to extending the housing incentive fund program and tax  
3 credit ~~and providing for use of the program to develop mobile home parks~~; to provide a  
4 continuing appropriation; to provide an effective date; and to provide an expiration date.

5 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

6 **SECTION 1. AMENDMENT.** Section 54-17-40 of the North Dakota Century Code is  
7 amended and reenacted as follows:

8 **54-17-40. (Effective through June 30, ~~2015~~2017) Housing incentive fund - Continuing**  
9 **appropriation - Report to budget section.**

- 10 1. The housing incentive fund is created as a special revolving fund at the Bank of North  
11 Dakota. The housing finance agency may direct disbursements from the fund and a  
12 continuing appropriation from the fund is provided for that purpose.
- 13 2. After a public hearing, the housing finance agency shall create an annual allocation  
14 plan for the distribution of the fund. At least twenty-five percent of the fund must be  
15 used to assist developing communities to address an unmet housing need or alleviate  
16 a housing shortage. The agency may collect a reasonable administrative fee from the  
17 fund, project developers, applicants, or grant recipients.

18 The annual allocation plan must give first priority through its scoring and ranking  
19 process to housing for essential service workers. For purposes of this subsection,  
20 "essential service workers" means individuals employed by a city, county, school  
21 district, medical or long-term care facility, the state of North Dakota, or others as  
22 determined by the housing finance agency who fulfill an essential public service.

23 The second priority in the annual allocation plan must be to provide housing for  
24 individuals and families of low or moderate income. For purposes of this ~~second~~

1 priority, eligible income limits are determined as a percentage of median family income  
2 as published in the most recent federal register notice. Under this second priority, the  
3 annual allocation plan must give preference to projects that benefit households with  
4 the lowest income and to projects that have rent restrictions at or below department of  
5 housing and urban development published federal fair market rents or department of  
6 housing and urban development section 8 payment standards.

7 The housing finance agency shall maintain a register reflecting the number of  
8 housing units owned or master leased by cities, counties, school districts, or other  
9 employers of essential service workers. This register must also reflect those entities  
10 that are providing rent subsidies for their essential workers. The housing finance  
11 agency shall report quarterly to the budget section of the legislative management on  
12 the progress being made to reduce the overall number of units owned, master leased,  
13 or subsidized by these entities. This report must include a listing of projects approved  
14 and number of units within those projects that provide housing for essential service  
15 workers.

- 16 3. The housing finance agency shall adopt guidelines for the fund so as to address  
17 unmet housing needs in this state. Assistance from the fund may be used solely for:
- 18 a. New construction, rehabilitation, or acquisition of a multifamily housing project ~~or~~  
19 mobile home park;
  - 20 b. Gap assistance, matching funds, and accessibility improvements;
  - 21 c. Assistance that does not exceed the amount necessary to qualify for a loan using  
22 underwriting standards acceptable for secondary market financing or to make the  
23 project feasible; and
  - 24 d. Rental assistance, emergency assistance, or targeted supportive services  
25 designated to prevent homelessness.
- 26 4. Eligible recipients include units of local, state, and tribal government; local and tribal  
27 housing authorities; community action agencies; regional planning councils; and  
28 nonprofit organizations and for-profit developers of multifamily housing ~~or a mobile~~  
29 home park. Individuals may not receive direct assistance from the fund.
- 30 5. Except for subdivision d of subsection 3, assistance is subject to repayment or  
31 recapture under the guidelines adopted by the housing finance agency. Any

1 assistance that is repaid or recaptured must be deposited in the fund and is  
2 appropriated on a continuing basis for the purposes of this section.

3 **SECTION 2. AMENDMENT.** Section 54-17-41 of the North Dakota Century Code is  
4 amended and reenacted as follows:

5 **54-17-41. (Effective through June 30, ~~2015~~2017) Report.**

6 Upon request, the housing finance agency shall report to the industrial commission on the  
7 activities of the housing incentive fund.

8 **SECTION 3. AMENDMENT.** Section 57-38-01.32 of the North Dakota Century Code is  
9 amended and reenacted as follows:

10 **57-38-01.32. (Effective for the first two taxable years beginning after December 31,  
11 ~~2012~~2014) Housing incentive fund tax credit.**

- 12 1. A taxpayer is entitled to a credit as determined under this section against state income  
13 tax liability under section 57-38-30 or 57-38-30.3 for contributing to the housing  
14 incentive fund under section 54-17-40. The amount of the credit is equal to the amount  
15 contributed to the fund during the taxable year.
- 16 2. North Dakota taxable income must be increased by the amount of the contribution  
17 upon which the credit under this section is computed but only to the extent the  
18 contribution reduced federal taxable income.
- 19 3. The contribution amount used to calculate the credit under this section may not be  
20 used to calculate any other state income tax deduction or credit allowed by law.
- 21 4. If the amount of the credit exceeds the taxpayer's tax liability for the taxable year, the  
22 excess may be carried forward to each of the ten succeeding taxable years.
- 23 5. The aggregate amount of tax credits allowed to all eligible contributors is limited to  
24 ~~twenty~~thirty million dollars.
- 25 6. Within thirty days after the date on which a taxpayer makes a contribution to the  
26 housing incentive fund, the housing finance agency shall file with each contributing  
27 taxpayer, and a copy with the tax commissioner, completed forms that show as to  
28 each contribution to the fund by that taxpayer the following:
  - 29 a. The name, address, and social security number or federal employer identification  
30 number of the taxpayer that made the contribution.
  - 31 b. The dollar amount paid for the contribution by the taxpayer.

- 1           c. The date the payment was received by the fund.
- 2           7. To receive the tax credit provided under this section, a taxpayer shall claim the credit
- 3           on the taxpayer's state income tax return in the manner prescribed by the tax
- 4           commissioner and file with the return a copy of the form issued by the housing finance
- 5           agency under subsection 6.
- 6           8. Notwithstanding the time limitations contained in section 57-38-38, this section does
- 7           not prohibit the tax commissioner from conducting an examination of the credit
- 8           claimed and assessing additional tax due under section 57-38-38.
- 9           9. A passthrough entity making a contribution to the housing incentive fund under this
- 10          section is considered to be the taxpayer for purposes of this section, and the amount
- 11          of the credit allowed must be determined at the passthrough entity level. The amount
- 12          of the total credit determined at the entity level must be passed through to the
- 13          partners, shareholders, or members in proportion to their respective interests in the
- 14          passthrough entity.

15           **SECTION 4. EFFECTIVE DATE - EXPIRATION DATE.** Sections 1 and 2 of this Act are

16          effective July 1, 2015, through June 30, 2017. Section 3 of this Act is effective for the first two

17          taxable years beginning after December 31, 2014, and is thereafter ineffective.