

**INDIVIDUAL INCOME TAX CONTRIBUTION  
FOR METHAMPHETAMINE HOUSING  
RECONSTRUCTION AND REHABILITATION  
FUND**

2009 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Karen Mayne**

House Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill amends the Housing and Community Development part and the Individual Income Tax Contribution Act to enact the Methamphetamine Housing Reconstruction and Rehabilitation Fund Act and to enact an income tax contribution.

**Highlighted Provisions:**

This bill:

- ▶ defines terms;
- ▶ enacts the Methamphetamine Housing Reconstruction and Rehabilitation Fund Act;
- ▶ creates a restricted account known as the Methamphetamine Housing Reconstruction and Rehabilitation Fund;
- ▶ enacts an individual income tax contribution for the Methamphetamine Housing Reconstruction and Rehabilitation Fund;
- ▶ provides that monies received from the income tax contribution shall be deposited into the Methamphetamine Housing Reconstruction and Rehabilitation Fund and expended by a qualified housing organization to:
  - reconstruct or rehabilitate residences contaminated by methamphetamine; or
  - purchase property upon which a residence contaminated by methamphetamine is



28 reconstructed or rehabilitated;

29       ▶ requires that the State Tax Commission shall remove the designation for the  
30 contribution and may not collect the contribution under certain circumstances;

31       ▶ grants rulemaking authority to the Division of Housing and Community

32 Development; and

33       ▶ makes technical changes.

34 **Monies Appropriated in this Bill:**

35       None

36 **Other Special Clauses:**

37       This bill has retrospective operation for a taxable year beginning on or after January 1,  
38 2009.

39 **Utah Code Sections Affected:**

40 AMENDS:

41       **59-10-1304**, as renumbered and amended by Laws of Utah 2008, Chapter 389

42 ENACTS:

43       **9-4-1501**, Utah Code Annotated 1953

44       **9-4-1502**, Utah Code Annotated 1953

45       **9-4-1503**, Utah Code Annotated 1953

46       **59-10-1313**, Utah Code Annotated 1953



48 *Be it enacted by the Legislature of the state of Utah:*

49       Section 1. Section **9-4-1501** is enacted to read:

50                               **Part 15. Methamphetamine Housing Reconstruction and**  
51   **Rehabilitation Fund Act**

52       **9-4-1501. Title.**

53       This part is known as the "Methamphetamine Housing Reconstruction and  
54 Rehabilitation Fund Act."

55       Section 2. Section **9-4-1502** is enacted to read:

56       **9-4-1502. Definitions.**

57       As used in this part:

58       (1) "Contaminated by methamphetamine" means that a residence is:

59 (a) polluted by hazardous materials as a result of the use, production, or presence of  
60 methamphetamine in excess of decontamination standards adopted by the Department of  
61 Health under Section 26-51-201; and

62 (b) placed on a contamination list by a local health department in accordance with  
63 Section 19-6-901.

64 (2) "Fund" means the Methamphetamine Housing Reconstruction and Rehabilitation  
65 Fund created in Section 9-4-1503.

66 (3) "Qualified housing organization" means an affiliate located in this state of an  
67 organization if that organization:

68 (a) is exempt from federal income taxation under Section 501(c)(3), Internal Revenue  
69 Code;

70 (b) operates on a worldwide basis;

71 (c) has the primary purposes of:

72 (i) constructing, reconstructing, and rehabilitating residences that are:

73 (A) sold to low-income persons selected by the organization in accordance with any  
74 rules the division makes as authorized by Section 9-4-1503; and

75 (B) financed with loans that are not subject to interest as determined by the  
76 organization in accordance with any rules the division makes as authorized by Section  
77 9-4-1503; and

78 (ii) purchasing property upon which residences described in Subsection (3)(c)(i) are  
79 constructed, reconstructed, or rehabilitated;

80 (d) expends a portion of the repayment on the loans described in Subsection  
81 (3)(c)(i)(B) to finance:

82 (i) the construction, reconstruction, and rehabilitation of residences described in  
83 Subsection (3)(c)(i); and

84 (ii) the purchase of property upon which residences described in Subsection (3)(c)(i)  
85 are constructed, reconstructed, or rehabilitated; and

86 (e) has built more than 250,000 residences in total.

87 (4) (a) "Residence" means a single-family residence.

88 (b) "Residence" includes:

89 (i) a condominium;

- 90 (ii) a garage;
- 91 (iii) real property appurtenant to a residence:
- 92 (A) as determined by the division in accordance with any rules the division makes as
- 93 authorized by Section 9-4-1503; and
- 94 (B) if that real property is contaminated by methamphetamine;
- 95 (iv) a shed; or
- 96 (v) a town home.
- 97 (c) "Residence" does not include:

98 (i) an apartment or other rental unit as determined by the division in accordance with  
 99 any rules the division makes as authorized by Section 9-4-1503; or

100 (ii) an outbuilding except for a garage or shed.

101 Section 3. Section **9-4-1503** is enacted to read:

102 **9-4-1503. Methamphetamine Housing Reconstruction and Rehabilitation Fund --**  
 103 **Creation -- Interest -- Use of contributions and interest.**

104 (1) There is created within the General Fund a restricted account known as the  
 105 Methamphetamine Housing Reconstruction and Rehabilitation Fund.

106 (2) The fund shall be funded by:

107 (a) contributions deposited into the fund in accordance with Section 59-10-1313; and

108 (b) interest described in Subsection (3).

109 (3) (a) The fund shall earn interest.

110 (b) Interest earned on the fund shall be deposited into the fund.

111 (4) (a) The division shall distribute contributions and interest deposited into the fund to  
 112 one or more qualified housing organizations.

113 (b) (i) Subject to Subsection (4)(b)(ii), a qualified housing organization that receives a  
 114 distribution from the division in accordance with Subsection (4)(a) shall expend the  
 115 distribution to:

116 (A) reconstruct or rehabilitate one or more residences that are:

117 (I) sold to low-income persons selected by the qualified housing organization in  
 118 accordance with any rules the division makes as authorized by this section; and

119 (II) financed with loans that are not subject to interest as determined by the qualified  
 120 housing organization in accordance with any rules the division makes as authorized by this

121 section; or

122 (B) purchase property upon which a residence described in Subsection (4)(b)(i)(A) is  
123 reconstructed or rehabilitated.

124 (ii) A qualified housing organization may not expend a distribution the qualified  
125 housing organization receives in accordance with this Subsection (4) for any administrative  
126 cost relating to an expenditure authorized by Subsection (4)(b)(i).

127 (5) (a) In accordance with any rules the division makes as authorized under Subsection  
128 (6)(c), a qualified housing organization may apply to the division to receive a distribution  
129 under Subsection (4).

130 (b) A qualified housing organization may apply to the division to receive a distribution  
131 under Subsection (4) by filing an application with the division:

132 (i) on or before November 1; and

133 (ii) on a form provided by the division.

134 (c) The application:

135 (i) shall include information required by the division establishing that the qualified  
136 housing organization owns each residence with respect to which the qualified housing  
137 organization plans to expend a distribution under Subsection (4);

138 (ii) shall include information required by the division establishing the qualified housing  
139 organization's plan to expend the distribution for a purpose described in Subsection (4)(b)(i);

140 (iii) shall include information required by the division establishing that the qualified  
141 housing organization's plan to expend the distribution meets conditions established in  
142 accordance with Title 19, Chapter 6, Part 9, Illegal Drug Operations Site Reporting and  
143 Decontamination Act, for a local health department to remove the residence from the local  
144 health department's decontamination list; and

145 (iv) may include other information the division requires by rule.

146 (d) The division shall determine on or before the November 30 immediately following  
147 the November 1 described in Subsection (5)(b) whether a qualified housing organization's  
148 application to the division meets the requirements of Subsection (5)(c).

149 (e) (i) The division shall distribute monies credited to the fund to each qualified  
150 housing organization that meets the requirements of Subsection (5)(c) as determined by the  
151 division:

152 (A) on or before the December 31 immediately following the November 1 described in  
153 Subsection (5)(b); and

154 (B) in accordance with this Subsection (5)(e).

155 (ii) The division shall determine:

156 (A) the population of the county in which a qualified housing organization that meets  
157 the requirements of Subsection (5)(c) is headquartered; and

158 (B) the total population of all of the counties in which the qualified housing  
159 organizations that meet the requirements of Subsection (5)(c) are headquartered.

160 (iii) Except as provided in Subsection (5)(e)(iv), the division shall determine a  
161 qualified housing organization's distribution by making the following calculation:

162 (A) calculating a percentage determined by dividing the population of the county in  
163 which the qualified housing organization that meets the requirements of Subsection (5)(c) is  
164 headquartered by the population calculated under Subsection (5)(e)(ii)(B); and

165 (B) multiplying the percentage determined under Subsection (5)(e)(iii)(A) by the fund  
166 balance.

167 (iv) If two or more qualified housing organizations that meet the requirements of  
168 Subsection (5)(c) as determined by the division are headquartered within one county, the  
169 division shall determine each qualified housing organization's distribution by:

170 (A) making the calculation required by Subsection (5)(e)(iii); and

171 (B) dividing the amount calculated under Subsection (5)(e)(iii) by the number of  
172 qualified housing organizations that meet the requirements of Subsection (5)(c) as determined  
173 by the division that are headquartered within the county.

174 (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
175 division may make rules:

176 (a) to define what constitutes:

177 (i) a low-income person;

178 (ii) a loan that is not subject to interest; or

179 (iii) an apartment or other rental unit;

180 (b) for determining the circumstances under which real property is appurtenant to a  
181 residence;

182 (c) prescribing information a qualified housing organization is required to include with

183 an application under Subsection (5):

184 (d) for purposes of Subsection (5)(e), for determining the population of a county; or

185 (e) for determining the county in which a qualified housing organization is

186 headquartered.

187 Section 4. Section **59-10-1304** is amended to read:

188 **59-10-1304. Removal of designation and prohibitions on collection for certain**  
189 **contributions on income tax form -- Conditions for removal and prohibitions on**  
190 **collection -- Commission reporting requirements.**

191 (1) (a) If a contribution or combination of contributions described in Subsection (1)(b)  
192 generate less than \$30,000 per year for three consecutive years, the commission shall remove  
193 the designation for the contribution from the individual income tax return and may not collect  
194 the contribution from a resident or nonresident individual beginning two taxable years after the  
195 three-year period for which the contribution generates less than \$30,000 per year.

196 (b) The following contributions apply to Subsection (1)(a):

197 (i) the contribution provided for in Section 59-10-1305;

198 (ii) the contribution provided for in Section 59-10-1306;

199 (iii) the sum of the contributions provided for in Subsection 59-10-1307(1)(a);

200 (iv) the contribution provided for in Subsection 59-10-1307(1)(b);

201 (v) the contribution provided for in Section 59-10-1308;

202 (vi) the contribution provided for in Section 59-10-1309; ~~or~~

203 (vii) the contribution provided for in Section 59-10-1310~~[-]; or~~

204 (viii) the contribution provided for in Section 59-10-1313.

205 (2) If the commission removes the designation for a contribution under Subsection (1),  
206 the commission shall report to the Revenue and Taxation Interim Committee that the  
207 commission removed the designation on or before the November interim meeting of the year in  
208 which the commission determines to remove the designation.

209 Section 5. Section **59-10-1313** is enacted to read:

210 **59-10-1313. Contribution to Methamphetamine Housing Reconstruction and**  
211 **Rehabilitation Fund.**

212 (1) Except as provided in Section 59-10-1304, a resident or nonresident individual that  
213 files an individual income tax return under this chapter may designate on the resident or

214 nonresident individual's individual income tax return a contribution as provided in this section  
215 to be:

216 (a) deposited into the Methamphetamine Housing Reconstruction and Rehabilitation  
217 Fund created in Section 9-4-1503; and

218 (b) expended for the purposes described in Section 9-4-1503.

219 (2) The commission shall:

220 (a) determine annually the total amount of contributions designated in accordance with  
221 this section; and

222 (b) credit the amount described in Subsection (2)(a) to the Methamphetamine Housing  
223 Reconstruction and Rehabilitation Fund created in Section 9-4-1503.

224 **Section 6. Retrospective operation.**

225 This bill has retrospective operation for a taxable year beginning on or after January 1,  
226 2009.

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**Legislative Review Note**  
**as of 1-27-09 12:18 PM**

**Office of Legislative Research and General Counsel**

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**Fiscal Note****S.B. 132 - Individual Income Tax Contribution for Methamphetamine  
Housing Reconstruction and Rehabilitation Fund**2009 General Session  
State of Utah

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**State Impact**

Enactment of this bill creates the Methamphetamine Housing Reconstruction and Rehabilitation Fund. The account is funded by contributions made on an individual income tax return. The expected amount of contributions is \$50,000 annually.

	<u>2009 Approp.</u>	<u>2010 Approp.</u>	<u>2011 Approp.</u>	<u>2009 Revenue</u>	<u>2010 Revenue</u>	<u>2011 Revenue</u>
General Fund Restricted	\$0	\$50,000	\$50,000	\$0	\$50,000	\$50,000
<b>Total</b>	<b>\$0</b>	<b>\$50,000</b>	<b>\$50,000</b>	<b>\$0</b>	<b>\$50,000</b>	<b>\$50,000</b>

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**Individual, Business and/or Local Impact**

Individuals and businesses may contribute to projects related to housing reconstruction and rehabilitation. Local taxing entities may benefit by having funds available for housing reconstruction.

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