

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

2010 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Karen Mayne

House Sponsor: Jennifer M. Seelig

LONG TITLE

Committee Note:

The Revenue and Taxation Interim Committee recommended this bill.

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 for a taxable year beginning on or after January 1, 2010, but beginning on or before December 31, 2011;
- ▶ provides that monies received from the income tax contribution shall be deposited into the Methamphetamine Housing Reconstruction and Rehabilitation Fund and



28 expended by a qualified housing organization to:

- 29 • reconstruct or rehabilitate residences contaminated by methamphetamine; or
- 30 • purchase property upon which a residence contaminated by methamphetamine is

31 reconstructed or rehabilitated;

32 ▶ grants rulemaking authority to the Division of Housing and Community
33 Development; and

34 ▶ makes technical changes.

35 **Monies Appropriated in this Bill:**

36 None

37 **Other Special Clauses:**

38 This bill has retrospective operation for a taxable year beginning on or after January 1,
39 2010.

40 **Utah Code Sections Affected:**

41 ENACTS:

42 **9-4-1501**, Utah Code Annotated 1953

43 **9-4-1502**, Utah Code Annotated 1953

44 **9-4-1503**, Utah Code Annotated 1953

45 **59-10-1314**, Utah Code Annotated 1953



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

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

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

51 **9-4-1501. Title.**

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

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

55 **9-4-1502. Definitions.**

56 As used in this part:

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

58 (a) polluted by hazardous materials as a result of the use, production, or presence of

59 methamphetamine in excess of decontamination standards adopted by the Department of
60 Health under Section 26-51-201; and

61 (b) placed on a contamination list by a local health department in accordance with
62 Section 19-6-903.

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

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

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

69 (b) operates on a worldwide basis;

70 (c) has the primary purposes of:

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

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

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

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

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

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

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

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

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

87 (b) "Residence" includes:

88 (i) a condominium;

89 (ii) a garage;

- 90 (iii) real property appurtenant to a residence:
- 91 (A) as determined by the division in accordance with any rules the division makes as
- 92 authorized by Section 9-4-1503; and
- 93 (B) if that real property is contaminated by methamphetamine:
- 94 (iv) a shed; or
- 95 (v) a town home.

- 96 (c) "Residence" does not include:
- 97 (i) an apartment or other rental unit as determined by the division in accordance with
- 98 any rules the division makes as authorized by Section 9-4-1503; or
- 99 (ii) an outbuilding except for a garage or shed.

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

101 **9-4-1503. Methamphetamine Housing Reconstruction and Rehabilitation Fund --**
102 **Creation -- Interest -- Use of contributions and interest.**

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

105 (2) The fund shall be funded by:

- 106 (a) contributions deposited into the fund in accordance with Section 59-10-1314; and
- 107 (b) interest described in Subsection (3).

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

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

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

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

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

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

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

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

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

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

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

131 (i) on or before November 1; and

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

133 (c) The application:

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

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

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

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

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

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

151 (A) on or before the December 31 immediately following the November 1 described in

152 Subsection (5)(b); and
153 (B) in accordance with this Subsection (5)(e).
154 (ii) The division shall determine:
155 (A) the population of the county in which a qualified housing organization that meets
156 the requirements of Subsection (5)(c) is headquartered; and
157 (B) the total population of all of the counties in which the qualified housing
158 organizations that meet the requirements of Subsection (5)(c) are headquartered.
159 (iii) Except as provided in Subsection (5)(e)(iv), the division shall determine a
160 qualified housing organization's distribution by making the following calculation:
161 (A) calculating a percentage determined by dividing the population of the county in
162 which the qualified housing organization that meets the requirements of Subsection (5)(c) is
163 headquartered by the population calculated under Subsection (5)(e)(ii)(B); and
164 (B) multiplying the percentage determined under Subsection (5)(e)(iii)(A) by the fund
165 balance.
166 (iv) If two or more qualified housing organizations that meet the requirements of
167 Subsection (5)(c) as determined by the division are headquartered within one county, the
168 division shall determine each qualified housing organization's distribution by:
169 (A) making the calculation required by Subsection (5)(e)(iii); and
170 (B) dividing the amount calculated under Subsection (5)(e)(iii) by the number of
171 qualified housing organizations that meet the requirements of Subsection (5)(c) as determined
172 by the division that are headquartered within the county.
173 (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
174 division may make rules:
175 (a) to define what constitutes:
176 (i) a low-income person;
177 (ii) a loan that is not subject to interest; or
178 (iii) an apartment or other rental unit;
179 (b) for determining the circumstances under which real property is appurtenant to a
180 residence;
181 (c) prescribing information a qualified housing organization is required to include with
182 an application under Subsection (5);

183 (d) for purposes of Subsection (5)(e), for determining the population of a county; or
184 (e) for determining the county in which a qualified housing organization is
185 headquartered.

186 Section 4. Section **59-10-1314** is enacted to read:

187 **59-10-1314. Contribution to Methamphetamine Housing Reconstruction and**
188 **Rehabilitation Fund.**

189 (1) For a taxable year beginning on or after January 1, 2010, but beginning on or before
190 December 31, 2011 only, a resident or nonresident individual that files an individual income
191 tax return under this chapter may designate on the resident or nonresident individual's
192 individual income tax return a contribution as provided in this section to be:

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

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

196 (2) The commission shall:

197 (a) determine the total amount of contributions designated in accordance with this
198 section for the taxable year described in Subsection (1); and

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

201 Section 5. **Retrospective operation.**

202 This bill has retrospective operation for a taxable year beginning on or after January 1,
203 2010.

Legislative Review Note
as of 10-26-09 9:31 AM

Office of Legislative Research and General Counsel

**Revised
Fiscal Note**

**S.B. 12 - Individual Income Tax Contribution for Methamphetamine Housing
Reconstruction and Rehabilitation Fund**

2010 General Session
State of Utah

State Impact

Enactment of this bill would create a restricted fund with funding derived from an income tax checkoff. Administrative costs of \$8,600 to the Division of Housing and Community Development would be funded out of the restricted revenues. Housing rehabilitation costs would also be funded through the restricted revenues. Funding beyond the administrative costs are passed through entities that rehabilitate methamphetamine impacted housing.

	<u>FY 2010 Approp.</u>	<u>FY 2011 Approp.</u>	<u>FY 2012 Approp.</u>	<u>FY 2010 Revenue</u>	<u>FY 2011 Revenue</u>	<u>FY 2012 Revenue</u>
Restricted Funds	\$0	\$8,600	\$91,400	\$0	\$50,000	\$50,000
Total	\$0	\$8,600	\$91,400	\$0	\$50,000	\$50,000

Individual, Business and/or Local Impact

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for individuals, businesses, or local governments.
