



HousingMinnesota Capitol Update

Vol. 1 Iss. 1 March 8, 2006

Distributed weekly during the legislative session and periodically outside of session, the Capitol Update provides information about bill introductions, committee hearings, policy analysis and political chatter. Contact us with items to include in future issues.

Welcome to Minnesota Housing Partnership/HousingMinnesota's new weekly legislative update

This publication was created in response to our members desire to be more informed and engaged in the state legislative process. We will attempt to provide you with up to date information on hearings, bills and legislative actions on affordable housing policy and funding initiatives. You will also find analysis and commentary that will assist you in being more effective advocates and citizen lobbyists. As with any new venture, we will have our glitches so we ask your patience but want your feedback as well. We intend to follow this format during this legislative session with maybe a few tweaks but will be reviewing your comments, critiques and recommendation at the end of session with an eye to enhancing the product next year. Let's get to work!!!

Capitol Notes

Budget Forecast Positive - Questionable Impact on Housing Initiatives

Though there was positive news on the budget front, its impact on affordable housing remains unclear. The supportive housing funding request is the most visible and significant funding effort on the affordable housing from being presented this year – a \$25 million request from the administration and a push to increase it to \$33 million by advocates. A number of other HousingMinnesota efforts related taxes (see HousingMinnesota's legislative agenda at http://www.housingminnesota.org/downloads/HM_2006_Agenda_2.pdf) do have a budget impact and will require funding. Lastly, the Tobacco Tax/Fee lawsuit will determine whether there are any new spending initiatives. In addition, the administration over the last few months has proposed close to \$150 million in new funding for a variety of activities.

Tax Bill - Yeah or Nay

The second year of the biennial legislative session has become known as the bonding or short session and the major focus is the funding of capital projects around the state. Theoretically, nothing else has to be done and recently even the bonding bill was not passed. This then leads to laying of odds on whether we will have a tax bill, which often has been used to clean up the previous year's bill, and more recently provide tax relief. HousingMinnesota is monitoring this development as a number of our initiatives are in the tax area and changes in the Low Income Rental Classification (4d) Rate, sales tax exemption for construction materials, charitable tax credits and increase in the deed tax will require a tax bill to pass. HousingMinnesota is being cautioned that there may not be a bill or a very modest one, more technical than substantive in nature. Although current discussions regarding property tax relief indicate a bill may be in the offing. We will be tracking tax committee hearings over the next month to get a better read and begin to position our proposals for inclusion in whatever legislation should develop

Committee Action

Tuesday, February 21

Senate Agriculture, Environment & Economic Development Budget Committee and House Jobs & Economic Opportunity Policy & Finance Committee

These two committees held a joint hearing on the Governor's bonding proposal which includes a \$25 million request for supportive housing. Minnesota Housing Finance Agency Commissioner Tim Marx presented the Governor's proposal and gave an overview of the State's plan to end long-term homelessness and the progress made. Supportive housing providers from Greater Minnesota spoke in support of HousingMinnesota's \$33 million request. The additional \$8 above the Administration's request would make up the shortfall from last years bonding bill and put the state's plan to end long-term homelessness back on schedule. These committees will make their recommendations on bonding priorities to their respective Capital Investment committees in the next few weeks. Contacting members of these committees in support of the \$33 million request is encouraged. For a list of House committee members and their contact information, go to <http://www.house.leg.state.mn.us/comm/committeemembers.asp?comm=16>. For a list of the Senate committee members and their contact information, go to http://www.senate.leg.state.mn.us/committees/committee_bio.php?cmte_id=2001. For more information about HousingMinnesota's bonding proposal go to http://www.housingminnesota.org/downloads/Bonding_one-pager_3-1-06.pdf.

House

Wednesday, March 1

Capital Investment – The committee heard an overview by the Department of Finance on the impact of the budget forecast on the bonding bill. The increased revenues will now allow the state to cover the debt service general obligation bonds totaling \$990 million.

This is an increase in capacity of about \$50 million. The Administration has recommended an \$897 million package to the legislature and includes \$25 million for supportive housing.

Civil Law & Elections – HF 2846(Johnson, J.) modifying the use off eminent domain for public purposes was heard, amended, passed & referred to Public Safety Policy & Finance Committee. There is some concern that significant modifications to this authority could have an impact on the future development of affordable housing.

Friday, March 3

Health and Policy Finance – HF2825 (McNamara) – Hastings veterans homes supportive housing bonds issued and money appropriated. Bill was heard; was laid over for consideration for possible inclusion in the committee bonding priorities.

Public Safety Policy and Finance – HF2846 (Johnson) – Eminent domain bill.

The bill was heard, amended, passed & referred to the Local Government Committee.

Senate

Thursday, March 2

Finance Committee – Finance Department staff presented the February budget forecast which projected an increase in the budget surplus of approximately \$98 million. The state will now be able to reimburse school districts most of the money freed up by the ‘funding shift’ that allowed the state to balance its budget in the last few years. Approximately \$418 million is sitting in the Property Tax Relief Account which can be used to buy down property taxes or for spending initiatives. The pending outcome of a lawsuit challenging the legality of the Health Impact Fee/ Tobacco Tax will have a significant impact on the final budget negotiations. If the challenge is upheld state revenues would drop approximately \$400 million during this biennium.

Committee Hearings – Week of 3/6/06

House

Wednesday, March 8

Local Government

6:30 PM, Constitution Hall, Brooklyn Community Center

Public hearing on eminent domain

Thursday, March 9

Taxes - Property and Local Tax Division

10:15 AM, 200 State Office Building

Property tax reports mandated by the 2005 tax bill.

Thursday, March 9

Local Government

6:00 PM, Partners in Education Bldg, Apple Valley

Public hearing on eminent domain.

For more up to date committee schedules for the House, go to:

<http://www.house.leg.state.mn.us/comm/commemlist.asp>.

Senate

Wednesday, March 8

Capitol Investment

3:00 PM, Rm 123 Capitol

Department of Finance bonding discussion.

Wednesday, March 8

Jobs, Energy and Community Development

3:00 PM, Rm 15 Capitol

HF2662 (Higgins) – Blighted housing rehabilitation program.

Thursday, March 9

Judiciary Committee

1:30 PM, Rm 112 Capitol

Hearing on eminent domain

SF 2432 (Wergin) / SF 2694 (Betzold) / SF 2750 (Bakk)

For more up to date committee schedules for the Senate, go to:

<http://www.senate.leg.state.mn.us/committees/index.htm#header>.

Bill Introductions

Our efforts to identify bills of interest to HousingMinnesota constituencies may be a bit hit & miss during our maiden voyage.

House

HF 2952 (Westerberg) – Providing funding for youth services

HF 2962 (Dorman) – Amending 4d class rate for affordable housing

HF 2970 (Liebling) – Changing zoning relative to manufactured housing

HF 2895 (Nelson, P.) – Eminent domain

HF 2846 (Johnson, J.) – Eminent domain

HF 3118 (Samuelson) – Taxation of senior homes valued at less than \$60,000

HF 3135 (Abrams) – Repealing expiration date on mortgage registry deed tax for Ramsey and Hennepin counties

Senate

SF 2435 (Wergin) – Providing funding for the Love Elk River transitional housing pilot project.

SF 2455 (Higgins) – Money for the Heritage Park Development

SF 2656 (Anderson) – Providing energy assistance;

SF 2660 (Higgins) – Authorizing Minneapolis Park Board and City Council to levy parks dedication fee on new housing

SF 2662 (Higgins) – Establishing blighted housing rehabilitation program.

SF 2669 (Skoe) – Increase funding for the Challenge Program by \$500,000 and reestablish to tribal Indian housing program

SF 2709 (Sparks) – Amending 4d class rate for affordable housing

SF 2741 (Lourey) – Creating the Runaway and Homeless Youth Act

Bits & Bytes

Committee Deadlines

1st deadline (March 28) – A senate or house file must pass all of the policy committees in its respective body.

2nd deadline (April 4) – If the 1st deadline was met, then the companion file in the other body (Senate or House) must pass all of the policy committees by this time.

3rd deadline (April 11) – Committees other than the Capital Investment, Finance, Ways and Means, Taxes and Rules Committees have until this time to put together the omnibus funding bills. These bills include smaller bills. There is no deadline for the Finance and Ways and Means Committees to report bills containing appropriations.

Jargon - We encourage you to send along your concerns regarding the use of jargon in the Update whether legislative, housing insider or just cryptic. Clarifications are also fair game like what does *laid over for possible inclusion in committee bonding priorities* mean? In this case, various committees with jurisdiction over specific budgets are holding hearings on bonding requests and rather than voting proposals up or down 'lay them over' for further discussion at a later date. The final decision will be based on budget or bonding targets allocated to each committee and 'negotiations among members'.

For more information on affordable housing, the content of this document or if you have information to include in future issues, contact Joanna Dornfeld at (651) 649-1710 ext. 108, email jdornfeld@mhponline.org or see HousingMinnesota's website at www.housingminnesota.org.