



HousingMinnesota Capitol Update

Vol. 1 Iss. 8 April 24, 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.

Capitol Notes

Budget Bills Contain Few Housing Provisions

This being the 'short/bonding' session, housing advocates did not have high expectations relative to new initiatives but a few are still alive as the session winds down. The Senate Budget bill contains a one- year moratorium on the collection of the MFIP housing penalty. Currently, MFIP recipients who also receive a housing subsidy lose \$50 of their cash benefits. It was limited to a one-year suspension to avoid 'fiscal tails' into the next biennium. The House and Senate also have policy provisions that would establish in statute the Runaway and Homeless Youth Act but contains no funding for the program. This is a significant achievement and sets the stage for a funding request next year. Supporters should be congratulated.

HousingMinnesota Tax Provisions Survive Senate Floor Vote – House Next

The Low Income Rental Tax Classification (4d) proposal and construction materials sales tax exemption expansion remain in the Senate Tax bill and will be taken up in conference committee if the House passes a tax bill. HousingMinnesota is working to secure a 'housing day' committee hearing in the House Tax Committee to present these proposals as well as the Charitable Housing Tax Credit. There is broad-based and bipartisan support for the LIRC modifications. Additionally, approximately 75 percent of properties that would become eligible are located in Greater Minnesota. It is hoped that these factors would support inclusion in a tax bill. The other two items are more challenging as they DO have fiscal implications and in the case of the Charitable Housing Tax Credit would establish a new program. We contend that the construction materials sale tax expansion is primarily *closing a loophole* in that program. We expect that a hearing or hearings will occur during the first week of May. For more information about these proposals go to <http://www.startribune.com/776/story/51234.html>.

Saga Continues – Will there or won't there be a House Tax Bill?!

After three long days of hearings on the Twins stadium bill, it appears the House Tax Committee will begin hearings on other bills starting this week with the House Property Tax Rebate proposal. It is expected that the House will hold hearings during the next few weeks on a variety of tax proposals including HousingMinnesota's proposals. There is still no consensus as to whether the House can put a bill together this year. Legislators continue to surmise that getting a proposal together will be a challenge considering recent actions on a variety of measures – let alone the fall out from the stadium votes. The slim margin in the House and caucus discipline are additional obstacles to putting a deal together. As members like to say, *we only have to do a bonding bill* but can legislators pass two stadium bills without doing something other than bonding?!

Housing Solutions Act Removed From Senate Tax Bill

Senate supporters decided to pull the Housing Solutions Act out of the Senate Tax bill rather than record a negative vote on an amendment to eliminate the proposal. It was a strategic move designed to frame the issue positively for next year while not forcing supporters to take

another tough 'tax raising' vote in an election year. This approach sets up the proposal for next year as well as blunts the Realtors efforts to use it as an election year issue. The Housing Solutions Alliance will regroup after the session to map out its strategy for the upcoming year. Congrats go to all the people & organizations that worked on the issue this year!!!!

Conference Committees Named

Bonding Bill HF2959/SF2718

Senate Conferees

Langseth
Pappas
Metzen
Skoglund
Koering

House Conferees

Dorman
Brod
McNamara
Nornes
Hausman

Eminent Domain SF2750/HF2846

Senate Conferees

Bakk
Murphy
Betzold
Higgins
Ortman

House Conferees

Johnson, J
Abrams
Davids
Anderson, B
Thissen

Committee Action

House

Most of this week's committee action occurred in the House Tax and Ways & Means committees as various budget bills were forwarded to the floor for final passage. The House initially planned to move separate budget bills through the process but by weeks end decided to combine into a single bill similar to the Senate.

Senate

The Senate followed a similar course as the Tax and Finance committees moved budget and tax bills to the floor. The Senate has combined all of its budget bills into a single Supplemental Appropriations bill.

Committee Hearings

The majority of committee activity through the end of session will take place in the House and Senate Finance, Tax and Rules committees as well as conference committees. There will be little notice for hearings given and agendas may change hourly. We suggest that you use the listings below to stay abreast of hearings and floor action. You may find phone calls to the House Chief Clerks Office at (651) 296-2314 or Senate Information Office at (651) 296-0504 more helpful and timely.

For more up to date committee schedules for the House, go to <http://www.house.leg.state.mn.us/comm/commemlist.asp> and for the Senate, go to <http://www.senate.leg.state.mn.us/committees/index.htm#header>

Floor Action

House

Various division budget bills were laid over as amendments bogged down the process and budgets became unbalanced thus jeopardizing final passage. These actions led the House Speaker to announce that all division bills will be rolled into a single supplemental appropriations bill which will be heard next week.

Senate

S.F. 3131 (Pogemiller) Omnibus tax bill. The bill failed on a 32-35 vote on Wednesday, and was laid on the table. It was brought back up for reconsideration the next day. The Commercial – Industrial Tax provision was amended out and it passed 37-30.

Bits & Bytes

Adjournment Stretch Run

There is about a month left in the session, adjournment must occur by May 22nd and we move into the “hurry up and wait” period. Notices for hearings or conference committees are very short, usually 24 hours. Floor agendas are reshaped almost hourly. Conference committees will begin to work through the differences in their respective bills with Eminent Domain and Bonding moving to center stage next week.

Politics starts to surface a bit more as well. This week the Minority Leaders in both the House and Senate had the same meltdown over the naming of conferees on the bonding bill indicating that there was strong bipartisan support for the measures which should entitle them to more than one conferee from the minority. Senator Day expressed dismay on the floor indicating that the Republican selected for the conference committee, Senator Koering was not even his caucus choice.

The House had difficulty passing even the simplest of its spending bills. The Ag Finance bill was brought up for a vote twice on the House floor last week and twice tabled. The Senate as well experienced a rebellion on the Omnibus Tax Bill which failed on its first floor effort. At this point, the end of session outcome still appears murky. Your authors think that a tax bill is not a given by any stretch. A supplemental budget bill appears to be likely but only time will tell.

Fiscal Tails

We've neglected to clarify this 'insider' term and maybe we don't have to as no one has called us on it!!! The term refers to either a tax or appropriation that has fiscal implications that exist into the future. This is important in that these 'tails' must be counted in future base budgets thus increasing the costs in future years of implementing a proposal. As this is an 'off budget' year and the state has a small surplus new spending initiatives that have 'tails' are more difficult to get passed or included in budget and tax bills.

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.