



HousingMinnesota Capitol Update

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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

Senate Tax Bill Contains Housing Proposals

The Senate Tax Committee released their tax bill last week and it contained two HousingMinnesota initiatives; an expanded Low Income Rental Classification (4d) and an initiative to extend the sales tax exemption on construction materials to nonprofit limited partnerships. These items were pitched as expansions of existing programs and had minimal budget impacts - \$1.5 million for the sales tax exemption. The charitable tax credit proposal was not included as it was a new program and had a larger budget impact - \$5 million. Additionally, the Housing Solutions Act which would increase the deed tax to fund a variety of affordable housing programs was included in the Senate bill. The Senate Tax proposal is scheduled for a floor vote this week and advocates are concerned that a floor amendment will be offered to remove the deed tax proposal.

House Tax Committee Next Focus

Last week House Republicans released a plan to provide a one-time property tax rebate, greatly increasing the likelihood of a House tax bill. HousingMinnesota is working with House authors – Lanning, Dorman and Simpson to secure hearings for its proposals and attempt to include them in the House tax bill. Again, budget considerations will play a large role in determining the final result. Advocates will again push the expansion of the Low Income Rental Classification (4d) and sales tax exemption as modest extensions of existing programs and pitch the charitable tax credit as a creative approach to attracting private sector investment to affordable housing. The House's focus on a property tax rebate will leave little other discretionary money available. The Housing Solutions Act was laid on the table in the House Jobs Committee and it is highly unlikely the House will take up the issue. We are asking housing supporters to contact House Tax committee members and ask that they support the Low Income Rental Classification changes, sales tax expansions and the charitable tax credit proposals.

Supplemental Budget Proposals

As noted previously, we are not expecting any significant housing funding initiatives to be included in this year's supplemental budget. The various budget divisions and finance committees are currently compiling their bills which will be acted on during the next week. We have not tracked down any funding proposals to date but there is some hope that the Runaway Youth act language may be contained in one of the appropriations bills. Please forward any info you come across to HousingMinnesota for inclusion in future Updates.

Bonding Bill

The House passed its bonding proposal last week and the Senate is expected to take final action on their proposal this week. We expect conferees to be appointed by the end of the week and expect that many of those appointed will be the same as last year. The trick for housing advocates is to maximize the amount of money allocated for homeless programs while balancing the requests for transitional and permanent supportive housing. Long time bonding observers would note that the maximum pot of money available for supportive housing is about \$25 million IF the Hastings proposal remains viewed as a Veterans Board allocation, as it is highly unlikely that conferees would dip into other pots for additional funds for homeless programs. Advocates remained perplexed by the House's continued refusal to fully support the Governor's \$25 million request for permanent supportive housing. A quick recap of the current proposals; the House allocated only \$8 million divided equally between permanent supportive housing and transitional housing while including about \$7 million for a Hastings Veterans proposal and the Senate allocated \$20 million for permanent supportive housing and an additional \$5 million for the Lutheran Social Services project.

Tracking Bills

Things get a little dicey from here on in for tracking bills and funding proposals. Please let us know if there is something you want us to find or track down for you. We will scrutinize the various budget bills and hope we pick things up. We ask other Capitol watchers to forward info to us that you would like to be included

Committee Action

House

Ways and Means

H.F. 2959 (Dorman) - Omnibus bonding bill providing capital improvements funding. *This bill was passed as amended and was sent to the floor.*

Jobs and Economic Opportunity Policy and Finance

H.F. 4062 (Gunther) - Committee omnibus bill providing economic development and human services funding. *This bill was passed and referred to the Ways and Means committee.*

Senate

Health and Human Services Budget Division

Health and human services omnibus bill. *This bill was passed and sent to the full Finance Committee.*

Tax Committee

S.F. 3131 (Pogemiller) Omnibus tax bill. *This bill was passed and sent to the floor.*

Committee Hearings

There are not many hearings listed this week since the committees will not meet until noon on Tuesday. 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>

House

Tuesday, April 18

Ways and Means

Committee will meet after Taxes, Room 200 State Office Building

H.F.4062 (Gunther) Omnibus Jobs and Economic Development Finance bill

*For more up to date committee schedules for the House, go to
<http://www.house.leg.state.mn.us/comm/commemlist.asp>*

Senate

Tuesday, April 18

Finance

One half hour after Session, Room 123 Capitol

Senate supplemental budget bill.

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

Floor Action

House

H.F. 3449 (Clark) / S.F. 2887 (Dibble) Park closure notice, was *passed on the House floor with a vote of 122 -8.*

H.F. 2959 (Dorman) / S.F. 3475 (Langseth) Omnibus bonding bill providing capital improvements funding, was *passed as amended on the House floor with a vote of 114 – 16.*

H. F. 2846 (Johnson, J.) /S.F. 2750 (Bakk) Eminent domain, was *passed on the House floor with a vote of 115 – 17.*

Bits & Bytes

Supreme Court Hears Health Impact Fee Appeal

The Supreme Court last week reviewed the State's appeal of a lower court's ruling that declared the 'Health Impact Fee' / tobacco tax was invalid as it violated the state's settlement with the tobacco industry. It is not known when the court will release its decision, but the ruling could eliminate the state's existing budget surplus thus impacting current tax and spending proposals pending before the legislature.

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.