



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

House Tax Bill Includes Low Income Rental Certification Change

The House Tax Committee unveiled its omnibus tax bill (HF 2457) last week and it contained the HousingMinnesota Low Income Rental Classification (4d) property tax provision that lowered the qualifying threshold from 75 percent to 20 percent of building units with rent restrictions to qualify. However, it did not reinstate the local government-funding proviso. This was the only affordable housing incentive contained in the bill which originally focused on an income tax reduction. After two days of review, debate and amendments – about 40 were added – the bill failed to pass out of committee. There was no effort to take out the 4d provision, it was attacked on numerous occasions by Representative Abrams. A special note of thanks to representatives Simpson, Pete Nelson, Vandever and Mullery who worked hard to include the provision in bill. We believe we have the votes to keep it in the bill but the overall tax package remains a dicey proposition. HousingMinnesota is recommending follow up phone calls or emails to House Tax Committee members – thank you for including the Low Income Rental Certification property tax provision in the tax bill. Your efforts in supporting this proposal last year and this year has solidified a bi-partisan majority on the committee supportive of this proposal as well as laying the foundation for future tax proposals that will support affordable/workforce housing.

Administration Steps Up On Supportive Housing

Finance Commissioner Peggy Ingison in her opening remarks to the Bonding conferees reiterated the Governor's support for the \$25 million permanent supportive housing request, which will assist in meeting the goals of the State's Plan to End Long-Term Homelessness. This request was one of four priority items mentioned by the Administration. This is a very important development as legislators had commented to HousingMinnesota early in the session that the Administration had to clearly state its desire to have this program funded. Throughout the session, HousingMinnesota worked with legislators on both sides of the aisle, MHFA and Governor's staff to reinforce the need to 'step up' on this issue. It had become obvious that there were no out-front champions for this proposal in the legislature particularly in the House. We helped convince Representative Neil Peterson to take the lead on the bonding committee and to push the Chair and work with the Governor's office to make supportive housing a 'must have' item. We see the results of that effort in Commissioner Ingison's comments and expect to continue to work with and push Administration through the conference committee process.

Advocates Present Bonding Proposal

Housing advocates and key legislators are recommending that *at least* \$25 million in bond funds be dedicated to funding homeless initiatives. We expect Senator Pappas with the support of representatives Hausman and McNamara to put forth an offer to dedicate this amount with \$21 million dedicated to long-term supportive housing and \$4 million set aside for transitional housing programs. There are still some loose ends in the mix including whether funds should be earmarked for the Lutheran Social Services project in South Minneapolis and the Hastings

Veterans Home. The Senate has a \$25 million allocation for supportive housing including the Lutheran Social Services project while the House has committed \$4 million for supportive and \$4 million for transitional housing with an additional \$6.9 million earmarked for the Hastings Veterans' Home project. You should have received the HousingMinnesota Action Alert encouraging you to contact conferees. Please take a moment to contact the conferees and urge their support for permanent supportive housing and transitional housing. (See action alert below.) It is our hope to get this item settled early in the negotiating process and get it off the table. Last year, supportive housing lost ground, support and money during the negotiations.

Message: Please support \$21 million for permanent supportive housing and \$4 million for transitional housing in bonding to address the housing needs of all people experiencing homelessness. The bonding resources are crucial to make progress on the Plan to End Long-term Homelessness and shorten the time families and individuals must endure homelessness.

Senators

Langseth, Keith (DFL) Glyndon, 651-296-3205
Pappas, Sandy (DFL) St. Paul, 651-296-1802
Metzen, James (DFL) South St. Paul, 651-296-4370
Skoglund, Wes (DFL) Minneapolis, 651-296-4274
Koering, Paul (R) Fort Ripley, 651-296-4875

Representatives

Dorman, Dan (R) Albert Lea, 651-296-8216 or 1-877-377-9441
Hausman, Alice (DFL) St. Paul, 651-296-3824
Brod, Laura (R) New Prague, 651-296-4229 or 1-800-341-0510
McNamara, Denny (R) Hastings, 651-296-3135
Nornes, Bud (R) Fergus Falls, 651-296-4946 or 1-800-336-8017

Committee Action

House

Property and Local Tax Division

H.F. 3960 (Simpson) Application of Low Income Rental Certification (4d) property tax classification. *Bill was heard in committee and laid over for possible inclusion in omnibus tax bill.*

Tax Committee

H.F. 2457 (Krinkie) Omnibus Tax Bill. Committee unveiled its omnibus tax bill which includes Low Income Rental Certification (4d) property tax modification lowering threshold from 75 percent of eligible units to 20 percent. *Numerous amendments were offered and bill failed to pass committee after two days of hearings.*

Senate

The Senate was consumed last week with various versions of stadium bills demanding days of committee hearings in Taxes and Rules committees.

Conference Committees

Capital Investment Conference Committee

HF2959/SF3475 (Dorman/Langseth) Omnibus Bonding Bills. *No action was taken on this bill.* Committee members reviewed the two bills. Finance Department Commissioner presented the Governor's recommendations and answered questions from members. The Finance Department Commissioner noted that supportive housing proposal was one of four priorities of Administration. Representatives from various agencies and higher education systems

responded to questions from conferees. House and Senate did offer proposals on transportation and higher education.

Committee Hearings

There are not many hearings listed this week since most of the action is happening in conference committees and Ways and Means. 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

Senate

S.F. 2660 (Higgins) park dedication fee on new housing was passed on the Senate floor with a vote of 53-13.

Senate and House

S.F. 2887 (Dibble)/ H.F. 3449 (Clark) Manufactured home park conversions, was passed with both sections of the bill on the Senate floor with a vote of 66-0, and on the House floor with a vote of 122-9.

Bits & Bytes

Sometimes We Forget

The attack on the Low Income Rental Certification (4d) property tax language in the House Tax Bill by Abrams reminded us of what an amazing accomplishment re-establishing this tax classification was last year. In essence, HousingMinnesota's effort was a major change to the Property Tax Reform Act of 2001. This legislation was founded on the philosophy of a 'house is a house' meaning there should be no differences in how various properties are treated. Though apartment buildings still retain a higher class rate than homes – the difference was compacted significantly. During a few days of testimony on the House Tax Bill, numerous testifiers referred to this principle which gave ample opportunity to critics of the Low Income Rental Certification (4d) to take their shots. HousingMinnesota and its supporters should give themselves another 'pat on the back' for their efforts last year. The fact that we are back again this year with clear bipartisan support pushing for some modifications, is a testament to your efforts and persuasiveness. Kudos to all.

Kudos Close To Home

Cindy Jepsen, one of HousingMinnesota's lobbyists has been nominated to serve on the Board of Judicial Standards by Governor Pawlenty. It appears that her efforts working on behalf of affordable housing haven't hurt her standing within Republican ranks. Congrats and good luck with the Senate confirmation hearing next week.

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.