



MHP Capitol Update

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Capitol Notes

Session Conclusion Is Clear As Mud

Normally, the last weekend of session involves an announcement of a deal, or, like recent sessions, there is no deal. This year, no indication of either. As we meander to a close, it appears the budget and tax policies are being pieced together with the hope that the governor will sign the bill. Although a few public meetings discussed the various conference committee bills, our information is often secondhand and outdated within a few hours. Regardless, we still think the session will end on time but we are uncertain of the final product.

Jobs Bill Sent To Governor: Housing Numbers Close to Agency Budget Request

The House and Senate passed the omnibus jobs and economic development bill Sunday. The original conference committee bill contained a Minnesota Housing budget that was several million more than requested by the agency but was vetoed. The final bill cuts funding to approximately the level of the agency request. The one exception is the HECAT program which was cut to an amount lower than originally proposed. This reduction is quite disconcerting as the HECAT program is critical to assisting homeowners with mortgage foreclosure assistance. It appears to have been a victim of the need to trim the housing budget.

It should be noted that the agency's original budget request increased funding by about 60 percent for various housing related programs. The overall Minnesota Housing budget will increase to \$114 million, the highest total in close to a decade. The agency's base sits at \$90 million for the next biennium, an increase of over 25 percent. The Challenge Program sees an infusion of \$15 million in onetime money and Family Homeless Prevention and the Housing Trust Fund saw significant increases. We expect the governor to sign this bill. MHP will provide you with a spreadsheet on the final numbers later this week.

Homeless Programs Fighting Cuts

The health and human services bill, which funds about a third of the state's budget, presents the biggest fiscal challenge as it is about \$100 million higher than what the governor will accept. Homeless programs like supportive services and Runaway Youth, even though they are a very small part of this budget, appear to be getting cut substantially. Advocates are working diligently to ensure that these efforts are adequately funded, but it is a tough fight which hopefully will yield success. There was still no agreement on the bill late Sunday evening.

Tax Bill Lite Contains 4d Modifications and Construction Sales Tax Exemption

Early last week, the legislature prepared a scaled down tax bill which they withdrew at the last moment so that they could continue negotiations with the governor. Housing supporters were quite pleased that both the 4d proposal and sales tax exemption extension were included in this version of the bill. The inclusion of these items was rather significant as this scaled back bill had very few provisions beyond basic property tax relief and a few "must have" items. The sale tax provision was one of only four such items contained in this lights-on proposal.

We successfully held off efforts to include the “crime free” provisions by establishing a pilot that will operate solely in Brooklyn Center. The construction sales tax exemption has a delayed effective date, which has fluctuated during the week between the years 2007, 2009, and 2010. We will clarify the final date in the next few days. We expect these items to be included in the final tax bill that will be put together today and sent to governor. In addition, both of these items have been supported by the Department of Revenue, so we expect them to stick.

REALTORS® Balk at Helping HECAT

The under-funding of HECAT is clearly the most significant weakness in the Housing budget. This weekend saw a lot of scrambling to find funding for housing counseling and mortgage foreclosure. A Commerce Department account designed as a recovery fund for home purchasers and supported by real estate agent fees was identified as a possible source as it had a large surplus of dollars. However, over two days of negotiations, legislators and advocates were not able to convince the REALTORS® Association to allow the transfer to occur, even though a number of concessions were offered.

Manufactured Housing Relocation Bill Passes Senate and House

Late Saturday night, the well-traveled **S.F. 1196** passed the Senate 66-0. This is the proverbial “little train that could” bill. This legislation establishes a self-funded account to reimburse manufactured housing homeowners when a park closes. It was one of the most negotiated bills of the session, making two stops in the Senate Housing Committee, two stops in the Local Government Committee, two stops in the Finance Committee, and one stop in Rules Committee. This morning, the bill passed the House. Supporters think this might be the “last train out of town” tonight.

2008 Legislative Session: Bonding

MHP and its partners got a jump-start on next session by having two bonding bills introduced as the 2007 session wraps up. **H.F. 2535 (Benson) / S.F. 2311 (Tomassoni)** is a \$30 million long-term homeless supportive housing proposal. This is the 4th of 5 bonding requests aimed at securing \$90 million for capital projects around the state. If fully funded, it would bring the state’s commitment to \$76 million. In conjunction with various Public Housing Agencies and NAHRO, MHP also introduced **H.F. 2528 (Nelsen) / S.F. 2344 (Moua)** which would provide \$20 million for ongoing deferred maintenance, health, and safety repairs to public housing properties statewide. The advantage of early introductions is that it will allow the House and Senate Capital Investment committees the opportunity to get a first hand look at various projects around the state during the interim.

Bytes and Bits

House and Senate Floor Sessions on Sunday

Both bodies began processing some of the omnibus budget bills late afternoon Sunday and went until after midnight working on the jobs and economic development bill along with a number of large policy items. The legislature working on a Sunday is highly unusual, but this year they’ve so much to do and so little time they needed to meet to make sure things finished tonight. Sunday is no longer a day of rest when the legislature is in session.

Maybe We Should Oppose The Bill?

Last week manufactured home relocation bill supporters worrying about the ticking clock decided that the best way to get the legislation passed, was to withdraw support for it! Proponents of the effort can’t seem to figure out why a piece of legislation that has bipartisan support requires so many stops and visits to

committees. It seems that every language change requires three other tweaks, confuses an agency, or concerns a third party resulting in a visit to another set of legislators.

Overheard Under the Marble Dome

“Let me remind you that your \$1.4 million sales tax exemption is in the bill. We do support affordable housing. This was the single largest sales tax exemption in the tax bill,” said the Senate Tax Chair.

“I’m working the committee as hard as I can,” said one of the freshman house members while trying to put the \$3 million back into the health and human services bill on Saturday after it was cut.

Distributed weekly during the legislative session and periodically outside of session, the **MHP Capitol Update** provides information about bill introductions, committee hearings, policy analysis, and political chatter in St. Paul. **MHP Capitol Update** is published by Minnesota Housing Partnership, and content is provided by MHP’s lobbying team, Cindy Jepson and Julian Loscalzo. To share ideas for future issues, to ask questions, or to unsubscribe, please contact Barb Jacobs at bjacobs@mhponline.org or 651-649-1710 ext. 117.

Minnesota Housing Partnership’s mission is to promote homes for all Minnesotans and to assist Minnesota communities in the creation and preservation of housing affordable to low- and moderate-income people.