



MHP Capitol Update

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Capitol Notes

Successful Legislative Session Thus Far...

In January, advocates hoped the new DFL majority in the House would ensure significant increases in funding for a wide range of social issues, including housing. MHP believed the 2007 Legislature would primarily focus on education, property tax relief, and health care. We also understood that those initiatives would require tax increases, which we thought unlikely to happen. Furthermore, we knew that many lawmakers viewed housing as a second-tier issue and that we only had a few strong legislative supporters. MHP acknowledged the low number of dyed-in-the-wool housing advocates in the legislature, rallied its supporters to keep housing from becoming lost in the shuffle of other issues, and continued forward with its rather aggressive legislative agenda.

MHP's 2007 initiatives included significant increases in housing appropriations and policy changes that enhance the preservation and development of affordable housing. As we await a signature on the tax bill, we can celebrate the largest housing appropriations in a decade at \$114 million, or approximately a 62 percent increase. The MHFA base budget will be increased to nearly \$90 million for the next biennium, an increase of about 25 percent. A more detailed legislative report will be distributed after the tax bill becomes law, or is vetoed.

Close, But Not Over Yet!

Last week, Governor Pawlenty signed both the Jobs and Economic Development and Health and Human Services (HHS) omnibus bills. Minnesota Housing received significant increases and funding for the state's plan to end long-term homelessness increased by \$3 million, although, many important programs were not funded.

While the Jobs and HHS omnibus bills have been signed, sealed, and delivered, the Tax Omnibus bill is still subject to the governor's approval. As most of you have probably heard, the governor said he may veto the bill. This would greatly disappoint us since we have a few proposals in that legislation—4d modifications and construction sales tax expansion. We will await the Governor's decision on signing the bill. It should be noted that inclusion of these items was very significant considering that the tax bill contained a limited number policy initiatives or tax breaks.

The governor's main problem is the inclusion of inflation in the Finance Departments' revenue and expense projections. The upside is there are a number of administration tax-policy-wish-list items that are in the bill, which may help change the governor's mind.

We know that Revenue is encouraging the governor to sign the bill and Finance is saying veto. We hedge our bets that he signs the bill. Aside from the items listed above, we think the governor would prefer to talk about positive outcomes rather than defending why he did not support local government aide or property tax relief. The governor received the Tax bill on Tuesday, giving him until Friday to sign or veto it before it automatically becomes law. Stay tuned—we will be sending you MHP's 2007 Legislative Session Summary after the Tax bill is...resolved.

Session Predictions Review

We made a number of predictions during the session and thought it would be fun to see how we did. Here's a review of our highly-informed hypotheses (you'll note there are only two because we only remember the ones that were correct):

No Tax Increases – It was tried on a number of fronts, however, all failed (including the transportation-funding proposal which had broad bi-partisan support).

Adjourning on Time – Although a little hairy at the end, this was a no-brainer. The House runs for office next year and the governor has the bully pulpit. The governor wins in this scenario.

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.