



MHP Capitol Update

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Capitol Notes

Revenue Forecast Reaffirms Our Predictions: No Surplus, Just One-Time Money

The Finance Department provided the final revenue forecast for the session indicating there was little change from the previous projections. There is a one-time cash surplus of about \$1 billion for this biennium. The administration did admit this time that the next biennium's projected \$1 billion surplus would be almost entirely absorbed by inflation. An example being that a small inflation increase (2% a year) to just the education formulas would require about a \$500 million expenditure.

The state's economists also warned that recent stock market fluctuations and the housing market slump if it continues could have a negative impact on the state's revenue stream. It was also noted that unemployment numbers have been rising as well which does not bear well for the overall economy.

The majority party in both the House and Senate were fretting prior to the release of the forecast about how it might be able to meet expectations for property tax relief, early childhood education and health care improvements. Those concerns are growing as there is no consensus about whether to "raise revenues," where to raise the revenue, and what promises to fund.

Housing Allocations Remain in Jeopardy

The administration made a strong commitment to housing by providing a \$43 million infusion in base and one-time funds to Minnesota Housing, reflecting an almost 62 percent increase. However, even the governor's funding proposal is in jeopardy considering the ever-tightening budget picture and the fact housing remains a second tier issue to many. Our big budget ask—an additional \$100 million for housing programs and \$38 million for homeless programs—is designed to highlight the need to increase funding through a simple message and request.

We expect that preliminary appropriations and taxes targets will be set in the next week. Legislative housing supporters will be fighting for funds within their caucuses and with outside pressure directed at leadership. Your own legislator is needed in order to help them make the case for funding. *A good offense is the best defense, so if you haven't made your calls, sent your letters, or emails now is the time to do it.*

Housing Partnership Tax Proposals – Hearings in the Works

It appears that both the House and Senate plan to have their tax bills completed prior to the Easter/Passover break starting on April 2. The next few weeks will be hectic at the Capitol. If you have an interest in any of these issues you need to weigh in with your legislators and the various committees that will be reviewing it before the break.

H.F. 1030 / S.F. 824 — Low Income Rental Classification (4d) Modifications

This gets its first hearing in the Senate this week and appears to have support. It fits well into the Senate's property tax relief plans but resistance has stalled it in the House and we're struggling to even get a hearing in the property tax division. We had expected a better reception with Democrats in

control and the fact that this modification assists a large number of Greater Minnesota properties. This is property tax relief with minimal costs to state.

H.F. 1204 / S.F. 800 — Affordable Housing Construction Materials Sales Tax Exemption Extension

The Senate laid it over for possible inclusion in the Omnibus Tax bill. It has a \$1.3 million price tag and would provide a tax reduction of about \$2500 per affordable housing unit. There is no hearing scheduled in the House at this time.

H.F. 1312 / S.F. 1052 — Affordable Housing Donor Credit

This proposal gets its first hearing in the Senate Housing committee this week and would provide a tax credit for contributions—land, buildings, supplies, cash, and more—to individuals or corporations that contribute to certified affordable housing projects. This tool is designed to increase private sector contributions. We have been asking for start up funding in the \$5 million to \$10 million range. It has been an uphill battle.

Please contact Leigh (lrosenberg@mhponline.org) or Warren (wclafin@mhponline.org) for more information about how you can help advocate for these bills.

House – Weak on Affordable Housing

Housing advocates had expected a better go in the House under Democratic control. We have realized that housing supporters are few in that body and that the issue doesn't resonate up the ladder to leadership. We understood that affordable housing wasn't part of the 6 point plan for '06, but thought that there would be stronger support to deal with the affordable housing crunch we all know exists.

The new majority moved a number of former housing supporters into chairmanships of various committees where they now compete with housing for dollars. Additionally, the number of freshman placed on the housing committee weakened the inside game as they are new to the process and haven't figured out how to muscle things around in the funding trough. A few more vets would have strengthened the play inside the caucus. The true test comes in the next few weeks as budgets and tax policies are set.

Federal Housing Policy and Budget Briefing March 15

Next Thursday, MHP along with a coalition of housing supporters are hosting a federal affordable housing policy and budget briefing. The event's highlights include

- An overview of President Bush's budget and its impact on housing
- Opportunities for action in 2007
- D.C. lobbying update
- Program-specific information (Section 8, CDBG, Housing Trust Fund, Public Housing, and more)

Don't miss this great (free) opportunity. Contact Linda Larson at lindal@homelinemn.org, or 612-728-5770 for more information, or to RSVP.

Committee Action

House

Housing Committee

- **H.F. 1205 (Kranz) / S.F. 1196 (Jungbauer)** — Relocation Reimbursement required for displaced homeowners of manufactured homes; 2-28-07 passed, sent to Local Government
- **H.F. 1301 (Moe) / S.F. 1253 (Marty)** — Right of first refusal for homeowners of manufactured home parks; 2-28-07 passed, sent to Taxes
- **H.F. 758 (Laine) / S.F.992 (Dibble)** — Transitional Housing and Emergency Services; laid over for possible inclusion in division funding bill

Senate

Tax Committee

- **S.F. 800 (Moua) / H.F. 1204 (Davnie)** — Sales Exemption on Construction Materials for non-profits acting as limited partners -2-26-07 laid on table for possible inclusion in omnibus tax bill

Committee Hearings

Please note committee meetings and schedules can change almost daily. Use the website below to sign up for daily schedules or contact a specific committee to get on their email notice list.

House

Housing Committee

Wednesday, March 7, 10:00 a.m., Room 5, State Office Building

Agenda:

- **H.F. 301 (Davnie) / S.F. 308 (Higgins)** — Blighted housing rehab

Labor and Consumer Protection Committee

Friday, March 9, 10:00 a.m., Room 5, State Office Building

- **H.F. 387 (Clark) / S.F. 766 (Berglin)** — Predatory lending
- **H.F. 931 (Mullery) / S.F. 988 (Higgins)** — Predatory lending
- **H.F. 1004 (Davnie) / S.F. 809 (Higgins)** — Predatory lending
- **H.F.XXX (Atkins) / S.F.XXXX** — Residential mortgage lending

Tax Committee

Tuesday, March 13, 10:00 a.m., Room 10 State Office Building

- **H.F. 1312 (Jaros) / S.F. 1052 (Moua)** — Affordable Housing Donor Credit
- **H.F. 1240 (Marquart) / S.F. 385 (Pogemiller)** — Historic tax credit

For up-to-date information about House hearings and more, go to <http://www.house.leg.state.mn.us/comm/commemlist.asp>

Senate

Property Tax Division

Wednesday, March 7, 8:30 a.m., Room 15, State Capitol

Agenda:

- **S.F. 824 (Moua) / H.F. 1030 (Mullery)** — Low Income Rental Classification modification

Housing Committee

Wednesday, March 7, 12:30 p.m., Room 15, State Capitol

Agenda:

- **S.F. 308 (Higgins) / H.F. 301 (Davnier)** — Blighted housing rehab
- **S.F. 442 (Cohen) / H.F. 939 (Kranz)** — Housing Solutions Act
- **S.F. 1052 (Moua) / H.F. 1312 (Jaros)** — Affordable Housing Donor Credit

Economic Development Budget Division

Wednesday, March 7, 3:00 p.m. Room 107, State Capitol

Agenda:

- **S.F. 992 (Dibble) / H.F. 758 (Laine)** — Transitional Housing and Emergency Services
- **S.F. 990 (Kubly) / H.F. 1131 (Moe)** — Capacity building grants

Tax Committee

Thursday, March 8, 8:30 a.m., Room 15, State Capitol

- **S.F. 385 (Pogemiller) / H.F. 1240 (Marquart)** — Historic tax credit

For more up to date committee schedules for the Senate, go to:

<http://www.senate.leg.state.mn.us/committees/>

Bill Introductions

House

H.F. 1387 (Benson) / S.F. 1145 (Sheran) — Long term homeless support services

H.F. 1450 (Lesch) / S.F. 1150 (Latz) — Homeless outreach grants

Senate

S.F. 1253 (Marty) / H.F. 1301 (Moe) — Right of first refusal for homeowners of manufactured home parks

S.F. 1196 (Jungbauer) / H.F. 1205 (Kranz) — Relocation reimbursement required for displaced homeowners of manufactured homes

Bytes and Bits

Un-attributed Capitol Quotes

A quick sampling of comments from under the marble dome

- “Let me get this right: the housing folks want a \$50 million increase in the base budget of the Housing Finance Agency? Do you realize that is 10% of all the money left after education gets its share?”

- “I got 90 emails in a day from realtors opposing the deed tax. I don’t mind taking some heat particularly when I know the message is bologna, but you’ve got to provide us with some cover on these issues.”
- “They put 7 freshmen on the housing committee and they listened to weeks of testimony on homeless kids, battered women, underserved populations, housing shortages, and displaced homeowners. They were then told there’s no money to address the issues.”
- “There are only about 5 people up here who understand how you do an affordable housing deal. It is just way too complicated to explain it simply.”

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.