

REVENUE: Revenue statement issued
FISCAL: No fiscal impact

Action:	Do Pass as Amended, Be Printed Engrossed, and Be Placed on the Consent
Vote:	6 - 0 - 1
Yeas:	Barnhart, Dallum, Girod, Holvey, Riley, Witt
Nays:	0
Exc.:	Lim
Prepared By:	Ellen Osoinach, Committee Administrator
Meeting Dates:	2/2, 3/2

WHAT THE MEASURE DOES: Allows housing authorities to finance, develop, own, manage, or operate a mixed income housing project. Allows housing authorities to form, finance, have a nonstock interest in, manage or operate partnerships, nonprofit corporations and limited liability companies. Replaces annual report requirement with an annual independent audit requirement. Changes method for proving proper appointment of housing authority commissioner. Changes existing definitions and adds new definitions.

ISSUES DISCUSSED:

- Advantages of using a limited liability company in partnership agreements
- Effect of definition change on number of persons eligible for housing subsidy
- Possibility of adverse revenue impact to local governments
- Compliance with federal tax laws regarding housing authorities

EFFECT OF COMMITTEE AMENDMENT: Replaces the term “slum” with “blighted area.” Restricts use of the name “housing authority” to entities created by Legislature. Exempts from state and local taxation housing authority property controlled through a partnership, nonprofit corporation, or limited liability company. Allows housing authorities to enter into partnership agreements with or loan money to entities in order to manage a housing project. Allows housing authorities to manage limited liability companies in addition to forming, financing, having a nonstock interest in, and operating them.

BACKGROUND: Under current law, a housing authority may only finance a mixed income housing project if the project will not be owned by the housing authority. HB 2095 removes this restriction and allows authorities to finance mixed income projects that they develop, own, operate or manage.

Current law is silent regarding the types of entities through which the housing authority may enter into partnership agreements. HB 2095 clarifies that an authority may enter into a partnership agreement through partnerships, nonprofit corporations, and limited liability companies. These entities would qualify for the same property tax exemptions that current housing authority partnerships enjoy.

Under state law, housing authorities are required to submit an annual report to the State. Under federal law, those same authorities are required to submit an annual independent audit to the Federal Government. HB 2095 replaces the annual report in favor of an independent audit.