

2014 End of Session Report

The 2014 Legislative Session concluded on Friday, May 16 and overall it was a successful session for CAI-MN. While legislators did not come back in until late February the short session was very action packed as CAI-MN worked tirelessly on two main issues that could have had unfavorable impacts on the industry. Members of the Legislative Action Committee are to be thanked for the hours and trips to the Capitol, the time they put in to review language, meet with stakeholders and testify a number of times on provisions. Those efforts were key in helping defeat the foreclose lien language of HF 1941 and the HOA Solar Prohibition language in the Omnibus Energy bill.

Mortgage Foreclosure Mediation -HF 1941 was a carryover issue from the 2013 session that dealt with the foreclosure movement. As you may recall in 2013 CAI-MN and a number of other stakeholders worked together to address a number of issues that were presented in the 2013 bill. In an effort to address parts of the issue a new bill came forward that addressed issues raised around foreclosures. The language paired with federal laws and efforts in dealing with banks and lien holders. One piece that was not addressed in the compromise bill of 2013 was the idea of mediation. Rep. Raymond Dehn (DFL-Minneapolis) who vowed to continue working in the issue brought HF 1941 forward this session. Right from the start the bill had a number of issues much like its predecessor in 2013. Input from stakeholder was not sought out when the bill was drafted. At each committee stop a number of issues were raised with the language and the bill seemed to be losing support. CAI-MN met with Rep. Dehn to discuss our concerns with language around the "Subsequent lienholder" language and how this would affect HOA's. After a few hearings and conversations small changes were made but the efforts were not enough and the bill died in committee. A last ditch effort was tried in the finals weeks of session to try and tack the language on as an amendment on the House floor. Those efforts did not have the support of the body and the motion was withdrawn.

Solar Panels-HF 2918/SF 2555 was a bill that came to the LAC in early January from Fresh Energy who was looking to allow the use of roof top solar energy systems on HOA's. As many will recall Ross Abbey with Fresh Energy was invited to a LAC meeting in February to discuss their proposal with us. It was clear from the first meeting that the bill needed some work to help meet up with industry language and standards but also a number of concerns were raised by the LAC with the language. Over the past three months CAI-MN worked with Fresh Energy and Reo. Will Morgan (DFL-Burnsville) to make the language as easy as possible for HOA's if it were to move forward. After many amendments and suggested changes the language got to what I will say as a more acceptable point in the House. In the Senate, the bill died in Senate Judiciary but was brought back up with an amendment that made allowed for rooftop use on newly comprised HOA's after January 1, 2015.

This language was not favored by Fresh Energy at any point and made sure that it was not included in the House language. HF 2918 was then added to the Omnibus Energy bill HF 2834. With session beginning to come to a close, the House took up the Omnibus Energy Bill and passed it off the House floor and sent it to the Senate for their approval. The Senate who did not have an omnibus bill did not accept the House language as they had a number of their own provisions that they wanted included in the bill. At this time Sen. Dave Senjem (R-Rochester) had an amendment to remove all of the HOA rooftop solar provisions from the bill. That motion passed with bipartisan support and the House

language was removed from the Senate's position. Sen. Senjem argued for local control and that the state should not be inserting itself into contracts that were sought out by homeowners.

With two different bills the Senate and House went to conference committee on HF 2834. Prior to meeting, Sen. John Marty who is chair of the Senate Energy Committee asked CAI-MN and other stakeholders to meet with him to work out some compromise language. It was clear that the effective date for new HOA members was not a solution as it did not get at current HOAs. After three days of floating ideas back and forth the CC met to begin work on the bill. The HOA rooftop solar issue was the only major difference between the House and Senate. Following the first meeting the chairs asked all stakeholders to keep working on the issue as Chair Marty could not bring the House language back to the Senate for a third time. After one more effort that included the MN BAR Association with a draft of a proposed amendment to 515B it was clear no common ground could be met and Fresh Energy was not willing to compromise on the language and they pulled the language from the Omnibus Energy bill.

Throughout the process we worked well with Fresh Energy and thanked them for consulting with us on the language. They understood our national position of opposition from day one. In the final days we saw no efforts to add the House language on to something else and the issue finally died as the session came to an end. While the issue is dead for now, I believe that we could see it come back next session and we might not be as lucky to work with Fresh Energy as we did this session.

Omnibus Tax Bill-In the final days of the legislative session the House and Senate passed HF 3167 which was the second Omnibus Tax bill. Included in the language was HF 2783 which authorized Ramsey County Housing and Redevelopment Authority to establish housing improvement areas. The language can be found in article 6 of the tax bill HF 3167. The conference committee did not include language around HF 2917 which dealt with a parcel that is wholly or partially classified as class three (commercial, industrial, or public utility) is subject to charges in a SSD. Members on the CC had a number of questions around the language and what it would mean for property classifications and who would get to vote on opt in and opt out.

Looking Forward to 2015-While 2014 was a successful session for CAI-MN we need to start thinking about 2015 and what could possibly be introduced that could have an impact on HOA's and other areas. One item that I don't believe is a done issue is the efforts to keep looking at covenants and how/what changes could be made to them. This is an issue that has been talked about for a number of sessions starting with the "flagpole bill" and now with the "HOA Solar Provisions." This session there seemed to be a growing concern with HOA's that do not meet and don't allow for members to discuss issues and make changes. While this is more and likely not reflective of CAI's members we are grouped in with the industry and some members might look to address some of these concerns in 2015. While both the House and Governor are up for re-election it is important to start thinking about alternative plans regarding solar and other items that could come forward.