

SF2434 - 1CE - Housing Development Fund Expenditures Modified

Chief Author: **Rich Draheim**
 Committee: **Housing And Homelessness Prevention**
 Date Completed: **3/5/2026 3:19:42 PM**
 Agency: **Housing Finance Agency**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Jordan Peoples **Date:** 3/5/2026 3:19:42 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
	Total	-	-	-	-	-
	Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
	Total	-	-	-	-	-
	Biennial Total			-		-
2 - Revenues, Transfers In*						
	Total	-	-	-	-	-
	Biennial Total			-		-

Bill Description

SF 2434 makes several changes to the housing development fund under M.S. 462A.20.

Section 1 makes changes to the funds paid into the housing development fund regarding moneys transferred into on or after July 1, 2027.

Section 2 clarifies that M.S. 462A.20, subd. 3 requirements (separate accounts, transfers and limits) apply to appropriation made before July 1, 2027.

Section 3 establishes a new M.S. 462A.20, subd.3a for requirements that applies to new appropriations made on or after July 1, 2027.

Section 4 establishes a new, standalone statute for the Capacity Building Grant program

Section 5 clarifies that M.S. 462A.21, subd. 10 (availability of appropriations) applies to appropriations made before July 1, 2027.

Section 6 establishes a new M.S. 462A.21, subd. 10a regarding the availability of appropriations for appropriations made on or after July 1, 2027.

Section 7 clarifies that M.S. 462A.21, subd. 12a (transfers) applies to appropriations made before July 1, 2027.

Section 8 establishes a new M.S. 462A.21 subd. 12b (transfers) that applies to appropriations made on or after July 1, 2027.

Section 9 repeals a number of section in M.S. 462A.21

Section 10 effective date is July 1, 2027.

Assumptions

Currently, all general fund direct appropriations are transferred from the general fund to the housing development for the uses identified in session law.

This bill clarifies that existing statutes including M.S. 462A. 20 subd. 2(1), 3, 10 and 12a apply to appropriations made by the legislature before July 1, 2027 and that new statutes M.S. 462A.20 subd. 2(2), 3a, 10a, and 12b apply to appropriations made on or after July 1, 2027.

In lieu of receiving direct appropriations from the general fund to pay for agency's operations and administrative costs related to administering state appropriated program, current law allows the agency to invest state general fund

appropriations transferred into the housing development in aggregate and use those interest earnings to pay for the Agency's implementation of those state appropriated programs.

To provide more information regarding potential fiscal impact, the agency would need to know which of the Agency's over fifteen direct appropriations would stay in the general fund compared to those that would continue to be transferred into the housing development.

Section 9 has several repealers of uses identified in the housing development fund including capacity building grants, other agency purposes, the Bridges rental assistance program and Homeownership Education Counseling and Training. We assume these programs will continue to receive the base funding from the general fund and therefore repealing the language in the housing development fund does not have a fiscal impact. Additionally, the bill establishes a new capacity building program statute in 462A.

Expenditure and/or Revenue Formula

We are unable to determine direct fiscal impact; however, these changes could impact the ability of the Agency to pay for the operations and administration associated with implementing state appropriations depending on several factors (costs to implement programs, interest rates, level of state appropriations transferred to housing development fund, etc).

Long-Term Fiscal Considerations

These changes are in statute and therefore any potential impact is on-going, but subject to several factors (costs to implement programs, interest rates, level of state appropriations transferred to housing development fund, etc).

Local Fiscal Impact

N/A

References/Sources

N/A

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