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S.F. No. 4593 – Preventing wage theft for MHFA funded projects

Author: Senator Tou Xiong

Prepared by: Laura Paynter, Legislative Analyst, (651/296-5079)

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Section 1 (116J.871) amends the definition of financial assistance in the section relating to prevailing wages in the economic development chapter to include projects of multifamily housing with more than ten units that used low-income housing tax credits.

Section 2 [462A.051] inserts a new section into the Minnesota Housing Finance Agency (MHFA) chapter of the statutes.

Subdivision 1 states that the section applies to all financial assistance provided by MHFA.

Subdivision 2 requires an applicant for MHFA funds to disclose certain violations or convictions on a construction project in the previous five years. An applicant must make this information available to a member of the public on request.

Subdivision 3 requires each applicant to verify compliance with responsible contractor requirements as a condition of receiving MHFA funds.

Subdivision 4 requires each applicant to submit to MHFA a list of each contractor and subcontractor, verifying compliance with responsible contractor requirements, as a condition of receiving MHFA funds.

Subdivision 5 states that if a contractor or subcontractor is found to have failed to pay required wages on a MHFA funded project, the recipient shall correct the violation.

Subdivision 6 states that if a contractor has failed to pay required wages, the recipient must have a wage theft prevention plan before receiving any further funds from MHFA. A developer who fails to pay required wages on a second project is barred from receiving MHFA funds for three years if the underpayment equaled \$25,000 or more.

Subdivision 7 allows the agency to deny an application if an applicant refuses to comply with this section. It also allows the agency to withhold funds if a recipient violates this section, and allows the state to pursue legal remedies.