

SF5157 - 0 - Prevailing Wage Req. for Certain Financial Assist.

Chief Author: **Grant Hauschild**
 Committee: **Labor**
 Date Completed: **4/8/2024 12:51:22 PM**
 Lead Agency: **Housing Finance Agency**
 Other Agencies:
 Labor and Industry Dept

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	FY2023	FY2024	FY2025	FY2026	FY2027
Labor and Industry Dept					
Workforce Development	-	-	58	58	58
State Total					
Workforce Development	-	-	58	58	58
Total	-	-	58	58	58
Biennial Total			58		116

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Labor and Industry Dept					
Workforce Development	-	-	.46	.46	.46
Total	-	-	.46	.46	.46

Lead 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: Steve McDaniel **Date:** 4/8/2024 12:51:22 PM
Phone: 651-284-6437 **Email:** steve.mcdaniel@lbo.mn.gov

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		FY2023	FY2024	FY2025	FY2026	FY2027
Labor and Industry Dept						
Workforce Development	-	-	58	58	58	
Total	-	-	58	58	58	
Biennial Total			58		116	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Labor and Industry Dept						
Workforce Development	-	-	58	58	58	
Total	-	-	58	58	58	
Biennial Total			58		116	
2 - Revenues, Transfers In*						
Labor and Industry Dept						
Workforce Development	-	-	-	-	-	
Total	-	-	-	-	-	
Biennial Total			-		-	

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Expenditures		X
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Tax Revenue		X
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Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
Total		-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2023	FY2024	FY2025	FY2026	FY2027
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: Steve McDaniel **Date:** 4/5/2024 8:44:51 AM
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State Cost (Savings) Calculation Details

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State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

SF 5157 relates to state prevailing wage applicability.

Section 1 of the bill adds local tax increment financing to the list of financial assistance resources where state prevailing wage is required.

Assumptions

No fiscal impact. This provision applies to assistance provided by local units of government. To the extent this provision impacts developments that receive federal low-income housing tax credits (LIHTC), it may increase the cost of construction for projects financed with LIHTC, the provision does not have a direct state fiscal impact.

Expenditure and/or Revenue Formula

N/A

Long-Term Fiscal Considerations

N/A

Local Fiscal Impact

This provision impacts resources allocated by local units of government.

References/Sources**Agency Contact:**

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 Agency: **Labor and Industry Dept**

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

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Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Workforce Development	-	-	.46	.46	.46
Total	-	-	.46	.46	.46

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: Karl Palm **Date:** 4/8/2024 12:23:19 PM
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State Cost (Savings) Calculation Details

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Total	-	-	58	58	58
Biennial Total			58		116
2 - Revenues, Transfers In*					
Workforce Development	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

This bill amends MN Statute 116J.871, subd. 1(c) by expanding the definition of “financial assistance” to include tax increment financing (TIF) for developments of 25 or more units of multifamily housing or that provides \$100,000 or more of financial assistance to a development of any number of units of multifamily housing. Therefore, this bill expands the application of Minnesota’s Prevailing Wage Act to certain multifamily housing projects receiving TIF.

Assumptions

Training and Outreach

The Minnesota Department of Labor & Industry (DLI) currently provides training and outreach to contractors and contracting authorities under section 177.43. DLI assumes some additional training and outreach efforts relating to this bill to be immaterial and handled by existing staff.

Enforcement

DLI enforces Minnesota’s Prevailing Wage Act (MS 177.41 177.45) for projects financed in whole or part with state funds. Enforcement activity is initiated when DLI performs an on-site project review or when a complaint is filed with DLI. The expansion of the definition of financial assistance under section 116J.871 would require additional enforcement efforts.

DLI estimates that an average prevailing wage investigation of a multifamily housing project provided with financial assistance under TIF would be consistent with other multifamily housing project investigations. Based upon DLI’s experience, a prevailing wage investigation requires an average of 240 hours to complete. Investigatory records examined would include construction bids and contracts; project schedules; certified payroll reports; fringe benefit plan documents and statements; apprenticeship agreements; time records; and earning statements; worker interviews would also likely be conducted.

DLI assumes that in response to this bill it will receive and respond to four additional prevailing wage complaints each year.

4 prevailing wage investigations X 240 hours = 960 hours (0.46 FTE / MAPE 12L Labor Investigator Sr)

Expenditure and/or Revenue Formula

Expenditures	2024	2025	2026	2027
Labor Investigator Sr (MAPE 12L)		58,249	58,249	58,249
Cumulative Expenditures		58,249	58,249	58,249

FTE Count	2024	2025	2026	2027
Labor Investigator Sr (MAPE 12L)		0.46	0.46	0.46
Total FTE		0.46	0.46	0.46

Long-Term Fiscal Considerations

NA

Local Fiscal Impact

NA

References/Sources

NA

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