

**Please accept this written testimony for:**  
**S.F. 5157 Hauschild Prevailing wage requirement for certain financial assistance**

Honorable Senator McEwen:

I'm sending this correspondence in opposition to the following bills: HF 4994, SF5157, SF3164 - Requiring Prevailing Wages for Certain Financial Assistance. More specifically, I oppose the inclusion of Tax Increment Financing (TIF) as a trigger for prevailing wages.

I strongly encourage Minnesota cities be a part of this discussion, in great detail, before any decisions are made by the State regarding the inclusion of TIF within this bill.

Listed below are unintended consequences of this bill, specifically related to TIF:

**Contributes to housing crisis**

- TIF plays a critical role in the ability of cities to deliver new housing. Many TIF projects across Minnesota include some component of housing.
- This proposed bill will trigger prevailing wage requirements for ALL major housing projects utilizing TIF. The cost of compliance will be an approximately 7-13% increase in construction costs.
- Consumers will ultimately need to cover the new cost. As a result, housing prices, and rental prices, will need to adjust accordingly—upwards. Housing in Minnesota, which is already unattainable for many, will become more unattainable.
- Or, alternatively, due to the infeasibility of projects now requiring prevailing wages, the supply of housing delivered will be constrained. IMPORTANT NOTE: this situation affects BOTH affordable and market-rate housing.

**Create artificial link between state mandate & funding source for projects with housing component**

- The funding source of TIF is solely local property taxes.
- Local property taxes, for residential/housing projects, DO NOT include the State of MN as a tax collector.
- This proposed policy creates a State of MN mandate for projects with zero State of MN funding.

**Handcuff local government & discourage redevelopment**

- Through the use of Redevelopment TIF Districts, Minnesota cities have been able to reshape, redirect, and improve the built environment and overall trajectory of their respective communities. This includes very complicated, difficult, and distressed redevelopment projects that take decades. It is very difficult to describe the profoundly positive impact this tool has had on Minnesota.
- This bill will materially reduce the effectiveness of Redevelopment TIF Districts; it will materially affect redevelopment activity across Minnesota; and it will unintentionally discourage private investment into challenging projects/ situations.

**Fuel population decline and discourage ongoing investment in Minnesota**

- TIF is the primary tool available to Minnesota Cities when attempting to work with the State of MN for recruiting or retaining major employers.
- Minnesota is currently facing legitimate challenges with attracting/ retaining population. A major factor tied to population growth, or decline, is employers.
- This bill would unintentionally make Minnesota cities less competitive when attempting to compete with other States for major employers.

I'm providing this feedback based on my 10-years of public sector/ local government professional experience in Minnesota; and my 8-years of private sector development experience in Minnesota. I am available to visit the Capitol in-person to discuss.

Respectfully,  
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