

HF826 - 0 - Prevailing Wage Agreements; Renewable Development

Chief Author: **Jerry Newton**
 Committee: **Climate And Energy Finance And Policy**
 Date Completed: **2/8/2023 12:37:21 PM**
 Lead Agency: **Labor and Industry Dept**
 Other Agencies:
 Public Utilities Commission

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					
General Fund	-	(1)	(1)	(1)	(1)
Workforce Development	-	64	68	68	68
State Total					
General Fund	-	(1)	(1)	(1)	(1)
Workforce Development	-	64	68	68	68
Total	-	63	67	67	67
Biennial Total			130		134

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Labor and Industry Dept					
General Fund	-	-	-	-	-
Workforce Development	-	.5	.5	.5	.5
Total	-	.5	.5	.5	.5

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: Karl Palm **Date:** 2/8/2023 12:37:21 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	FY2023	FY2024	FY2025	FY2026	FY2027
Labor and Industry Dept					
General Fund	-	(1)	(1)	(1)	(1)
Workforce Development	-	64	68	68	68
Total	-	63	67	67	67
Biennial Total			130		134
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Labor and Industry Dept					
General Fund	-	-	-	-	-
Workforce Development	-	64	68	68	68
Total	-	64	68	68	68
Biennial Total			132		136
2 - Revenues, Transfers In*					
Labor and Industry Dept					
General Fund	-	1	1	1	1
Workforce Development	-	-	-	-	-
Total	-	1	1	1	1
Biennial Total			2		2

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Information Technology		X
Local Fiscal Impact		X

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Biennial Total			130			134

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	-	-	-	-
Workforce Development	-	.5	.5	.5	.5	.5
Total	-	.5	.5	.5	.5	.5

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:** 2/8/2023 12:36:32 PM
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State Cost (Savings) Calculation Details

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General Fund	-	-	-	-	-
Workforce Development	-	64	68	68	68
Total	-	64	68	68	68
Biennial Total			132		136
2 - Revenues, Transfers In*					
General Fund	-	1	1	1	1
Workforce Development	-	-	-	-	-
Total	-	1	1	1	1
Biennial Total			2		2

Bill Description

This bill amends MN Statute 116C.779, Subd. 1(v) to state that a construction project financed in whole or in part with a grant under section 116C.779 (renewable development) must comply with section 177.43, which requires prevailing wage agreements for projects funded in whole or in part with renewable development account funds.

Assumptions

DLI would be responsible for training and outreach and receiving complaints of possible prevailing wage violations on projects financed by grants from the renewable development account.

Training and Outreach

DLI currently provides training and outreach to contractors and contracting authorities under section 177.43. Because the prevailing wage training and outreach information is already available, DLI assumes this effort will 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 a complaint is filed with DLI. Over the last several years, DLI has received an average of 35 complaints each year. With limited information available regarding how many projects are funded by the renewable development account, DLI assumes for purposes of the fiscal note that DLI will receive and respond to four complaints each year.

DLI estimates that an average prevailing wage investigation of a renewable development project would be like other utility project investigations. Based upon the Department's experience, an investigation requires an average of 240 hours. Investigatory records would include construction bids and contracts; project schedules; certified payroll reports; fringe benefit plan documents and statements; apprenticeship agreements, time records; earning statements and worker interviews.

4 investigations X 240 hours = 960 hours (0.50 FTE / MAPE 12L Labor Investigator Sr).

Per historical averages, the prevailing wage unit collects \$226 in penalty revenue per investigation. DLI assumes \$904 in penalty revenue collected each year related to this bill (4 x \$226 = \$904).

Expenditure and/or Revenue Formula

Labor Investigator Sr (MAPE 12L)	2024	2025	2026	2027
FTE	0.5	0.5	0.5	0.5
Salary per FTE (midpoint)	71,268	75,607	75,607	75,607
Fringe Benefits (35% of Salary)	24,944	26,462	26,462	26,462
Indirect (22.89% of Salary/Fringe)	22,023	23,364	23,364	23,364
Salary / Fringe / Indirect	59,118	62,716	62,716	62,716
Non-Personnel Services	5,306	5,306	5,306	5,306
Cumulative Cost	64,423	68,022	68,022	68,022

Revenues	2024	2025	2026	2027
Quantity of Investigations	4	4	4	4
Penalty Revenue per Investigation	\$ 226	\$ 226	\$ 226	\$ 226
Total Revenue	\$ 904	\$ 904	\$ 904	\$ 904

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact: Karen Bugar (651-478-8221)

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 Committee: **Climate And Energy Finance And Policy**
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 Agency: **Public Utilities Commission**

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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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: Karl Palm **Date:** 2/7/2023 11:08:51 AM
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State Cost (Savings) Calculation Details

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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

HF826-0 modifies section 116C.779, subdivision 1, which establishes the Renewable Development Account (RDA). Funds in the account may be spent for, among other things, projects that encourage grid modernization by implementing electricity storage, load control, and smart meter technology, and other energy projects that reduce demand and increase system efficiency and flexibility.

This bill adds a requirement that any construction projects fully or partially financed with a grant from the RDA must comply with the prevailing wage requirements in section 177.43.

Assumptions

The Public Utilities Commission (PUC) has permitting jurisdiction over certain types of utility projects that could potentially be financed through the RDA. In recent permits, the Commission has required the Permittee to report on the use of Minnesota workers and other labor-related information. The PUC assumes that if it were to include a prevailing wage requirement in a permit pursuant to the requirement in this bill, it would use a similar reporting requirement to monitor compliance. Therefore, we assume no fiscal impact on the PUC.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

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