

HF1571 - 0 - Prevailing Wage Required; Public Works Projects

Chief Author: **Kaela Berg**
 Committee: **Labor and Industry Finance & Policy**
 Date Completed: **2/27/2023 4:53:29 PM**
 Lead Agency: **Labor and Industry Dept**
 Other Agencies:
 Employment and Economic
 Dvlpmt

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
State Total						
Total		-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2023	FY2024	FY2025	FY2026	FY2027
Total		-	-	-	-	-

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: Christian Larson **Date:** 2/27/2023 4:53:29 PM
Phone: 651-284-6436 **Email:** christian.larson@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
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
Total		-	-	-	-	-
Biennial Total				-		-

HF1571 - 0 - Prevailing Wage Required; Public Works Projects

Chief Author: **Kaela Berg**
 Committee: **Labor and Industry Finance & Policy**
 Date Completed: **2/27/2023 4:53:29 PM**
 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

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
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: Christian Larson **Date:** 2/18/2023 1:34:34 PM
Phone: 651-284-6436 **Email:** christian.larson@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	
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

This bill amends MN Statute 116J.81, by adding Subd. 2(b) to require a person subject to financial assistance for economic development to comply with section 177.30. It also identifies the state agency awarding financial assistance as the contracting authority. A project funded by grants or loans under this section is considered a public works project.

Assumptions

The state agency awarding financial assistance, as the contracting authority, must demand and collect from each employer a certified payroll report with respect to the wages and benefits paid each employee, while performing work on a public works project funded in whole or in part with state funds. The employer shall furnish this report under oath to the contracting authority and project owner, every two weeks. The certified payroll records must be kept for three years after the contracting authority has made final payment on the public works project.

DLI does not award financial assistance under MN Statute 116J.871, therefore will not be impacted by the additional requirements.

Prevailing Wage Training and Outreach

DLI currently provides training and outreach to contractors and contracting authorities under section 177.43. DLI assumes this effort will be immaterial and handled by existing staff, because the prevailing wage training and outreach information is already available.

Prevailing Wage 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. The contracting authority’s collection of certified payroll reports for projects receiving financial assistance under section 116J.871 is consistent with all public works projects and therefore will not impact enforcement efforts.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Jacob Gaub

Phone: 652-284-5812

Date: 2/18/2023 12:53:07 PM

Email: jacob.gaub@state.mn.us

HF1571 - 0 - Prevailing Wage Required; Public Works Projects

Chief Author: **Kaela Berg**
 Committee: **Labor and Industry Finance & Policy**
 Date Completed: **2/27/2023 4:53:29 PM**
 Agency: **Employment and Economic Dvlpmt**

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
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: Christian Larson **Date:** 2/27/2023 4:52:26 PM
Phone: 651-284-6436 **Email:** christian.larson@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	
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

This bill amends Minnesota Statutes 2022, section 116J.871, subdivision 2, which requires those that receive state agency financial assistance to pay prevailing wage at the project site during construction, installation, remodeling, and repairs for which the financial assistance was provided. The amendment required those recipients to comply with Minnesota Statutes 2022, section 177.30; this statute requires those to keep a record of the name, address, and occupation of each employee; the rate of pay, and the amount paid each pay period to each employee; and the hours worked each day and each workweek by the employee. In addition, the employer shall furnish under oath signed by an owner or officer of an employer to the contracting authority and the project owner every two weeks, a certified payroll report with this and other defined information. Employers are subject to a penalty of up to \$1,000 for each failure to maintain the required records.

Assumptions

When DEED’s financial assistance to a project invokes the prevailing wage requirement, DEED provides notice to the recipient of the requirement to pay prevailing wage. If this bill becomes law, DEED would expand this notice to include the requirement to maintain the records and provide the payroll report outlined in section 177.30.

Expanding this notice would take a de minimus amount of time and effort.

Expenditure and/or Revenue Formula

N/A

Long-Term Fiscal Considerations

None.

Local Fiscal Impact

None.

References/Sources

Minnesota Statutes 2022, section 177.30.

Agency Contact: Jeff Nelson

Agency Fiscal Note Coordinator Signature: Rebecca Wernett
Phone: 651-259-7056

Date: 2/27/2023 3:44:23 PM
Email: rebecca.wernett@state.mn.us