

Preliminary

Consolidated Fiscal Note

2023-2024 Legislative Session

HF4569 - 0 - MN Housing Finance Agency Contractor Req'mts

Chief Author: **Michael Howard**
 Committee: **Labor and Industry Finance & Policy**
 Date Completed:
 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
Housing Finance Agency						
General Fund	-	-	318	318	318	318
State Total						
General Fund	-	-	318	318	318	318
Total	-	-	318	318	318	318
Biennial Total			318			636

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Housing Finance Agency					
General Fund	-	-	2	2	2
Total	-	-	2	2	2

Lead LBO Analyst's Comment

LBO Signature: Date:
 Phone: Email:

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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
Housing Finance Agency						
General Fund		-	-	318	318	318
Total		-	-	318	318	318
Biennial Total				318		636
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Housing Finance Agency						
General Fund		-	-	318	318	318
Total		-	-	318	318	318
Biennial Total				318		636
2 - Revenues, Transfers In*						
Housing Finance Agency						
General Fund		-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-

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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:** 3/11/2024 2:26:08 PM
Phone: 651-284-6437 **Email:** steve.mcdaniel@lbo.mn.gov

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Total		-	-	318	318	318
Biennial Total				318		636
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

HF 4569 relates to state prevailing wage applicability and provisions to address wage theft.

Section 1 of the bill adds federal low-income housing tax credits (LIHTC) to the list of financial assistance resources where state prevailing wage is required.

Section 2 requires: additional disclosures for applicants, recipients to use responsible contractors, certified contractor lists be posted, wage thefts be remedied, developers to submit wage theft prevention plans if certain conditions are met and conditions on when developers would be disqualified from agency resources, enforcement related to the new section of law.

Assumptions

Section 1 applies state prevailing wage rates to federal low-income housing development. While this provision may increase the cost of construction for projects financed with LIHTC throughout the state, the provision does not have a direct state fiscal impact.

Section 2 requires a limited number of administrative changes to Minnesota Housing's processes, such as creating disclosure forms that are minimal to comply with as part of preparation for each funding process and there provisions of the bill that have state fiscal impact. The subdivisions that have fiscal impact are subdivision 4 - certified contractor list and subdivision 6 - wage theft prevention plans. These requirements apply across all of the agency's rental development programs including but not limited to: LIHTC, Greater Minnesota Workforce Housing and new construction Housing Infrastructure.

Subdivision 4 This provision requires the developer to submit details on every contractor and subcontractor of any tier that performs work or is expected to perform on the proposed project. The initial list must be established 30 days before the

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start of construction and updated each month until construction is completed. We assume that agency is required to monitor each developer's compliance with this subdivision. The number of projects where this is required each year varies from year to year based on the funding authorized at the state and federal level. With the language as written, we anticipate needing to hire at least 1 FTE to comply with this requires because of number of developments it applies to and the high frequency of the compliance work. The work would be completed by a Housing Program Officer/middle manager. The average compensation for this position (salary and benefits including FICA, retirement and insurance) is \$159,237.

Subdivision 6 - This provision requires the agency to consider 'the adequacy of a wage theft prevention plan in evaluating an application for financial assistance and may require the applicant to amend the plan or adopt policies or protocols to prevent wage theft.' With the language as written, we anticipate needing to hire at least 1 FTE to comply with the requirements because the agency does not have any staff knowledge or capacity regarding wage theft, since enforcement of wage theft is completed by the Department of Labor and Industry. The work would be completed by a Housing Program Officer/middle manager. The average compensation for this position (salary and benefits including FICA, retirement and insurance) is \$159,237.

Expenditure and/or Revenue Formula

Staff to administer provisions in Section 2, subdivision 4:

1 FTE x \$159,237 = \$159,237

Staff to administer provisions in Section 2, subdivision 6:

1 FTE x \$159,237 = \$159,237

Long-Term Fiscal Considerations

The requirements of this bill are on-going.

Local Fiscal Impact

N/A

References/Sources

N/A

Agency Contact:

Agency Fiscal Note Coordinator Signature: Ryan Baumtrog

Phone: 651-296-9820

Date: 3/11/2024 2:15:46 PM

Email: ryan.baumtrog@state.mn.us