

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5107-01
Bill No.: HB 1313
Subject: Housing, Tax Credits, Emergencies, Labor and Management
Type: Original
Date: January 8, 2018

Bill Summary: This proposal prohibits the Missouri Housing Development Commission from requiring a prevailing hourly wage to be paid to a contractor on a project for a housing tax credit.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Missouri Housing Development Commission (MHDC)** assume that MHDC is bound by federal government rules when using certain federal program funds, which may require any development accessing those funds to pay prevailing wage. (For example, some HOME funds or Risk Share developments may require payment of prevailing wage) There are instances where MHDC works with local governments on financing developments; any wage requirements imposed by these governments are outside MHDC's authority of control.

The FY 2018 Qualified Allocation Plan (QAP) was approved by MHDC's Board of Commissioners on December 19, 2017. The QAP states that MHDC is no longer requiring the payment of prevailing wage on all MHDC developments.

Oversight notes that on December 19, 2017, the MHDC approved a Qualified Allocation Plan that does not require prevailing wage on all MHDC developments. This Qualified Allocation Plan is effective for FY 2018 and continues until such time as another Qualified Allocation Plan is adopted. Oversight notes the Qualified Allocation Plan may govern the actions of the MHDC but does not impact statute. For fiscal note purposes, Oversight will show the impact of this proposal as it impacts the statutes.

Oversight assumes this proposal would have no fiscal impact to the state or to local governments. Oversight also assumes if this proposal results in fewer state tax credits being issued for a particular project, that those savings would result in and be offset by the use of the savings (additional tax credits) for other projects.

Officials at the **Office of Administration Division of Budget and Planning** assume the proposed legislation appears to have no direct impact on Total State Revenue or 18e. DED / MHDC may be able to provide data regarding any specific state impacts.

Officials at the **Department of Labor and Industrial Relations** assume there is no fiscal impact from this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill prohibits the Missouri Housing Development Commission from requiring a prevailing hourly wage to be paid to a contractor on a project eligible for a housing tax credit.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development
Department of Labor and Industrial Relations
Office of Administration
Division of Budget and Planning

Ross Strope



Acting Director
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