

**VARIOUS TAXES
Prevailing Wage
Requirements Expanded**

April 3, 2024

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue

Analysis of H.F. 4994 (Coulter), 1st Engrossment as proposed to be amended by H4994A1

Fund Impact

	F.Y. 2024	F.Y. 2025	F.Y. 2026	F.Y. 2027
	(000's)			
General Fund	\$0	\$0	\$0	\$0

Various effective dates.

EXPLANATION OF THE BILL

The proposal would expand prevailing wage requirements to other types of financial assistance and projects. Prevailing wage requirements would apply to all tax increment financing (TIF) that provides financial assistance to a development that consists of 25 or more units of multifamily housing or any development receiving \$100,000 or more in TIF financial assistance. It also expands the prevailing wage requirements to low-income housing credit allocations for multifamily housing projects of more than 10 units. These proposed changes are effective for financial assistance provided after August 1, 2024 and applies only to TIF districts for which the request for certification was made on or after August 1, 2024.

The proposal would also modify the definition of project for the purposes of prevailing wage requirements. The definition would be expanded to include alteration, improvement, or restoration of a public structure or land, which includes any work suitable for use by the public or public benefit. Additionally, the definition would be expanded to include a project owned by a city, county, or school district in which the materials, supplies, and equipment qualify for exemption under sales and use tax law or special law. These proposed changes have an assumed effective date of August 1, 2024.

REVENUE ANALYSIS DETAIL

- The proposed changes would have no impact on state taxes or the state general fund.

Source: Minnesota Department of Revenue
Property Tax Division – Research Unit
<https://www.revenue.state.mn.us/revenue-analyses>

hf4994(sf5157) Prevailing Wage Requirements_pt_1/wms, trc