

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4787-01  
Bill No.: HB 1406  
Subject: Housing; Tax Credits; Emergencies; Labor and Management  
Type: Original  
Date: December 29, 2015

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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 if it is in a Governor-declared disaster area.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials at the **Department of Economic Development** assume the Missouri Housing Development Commission (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, HOME funds or Risk Share 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. HB 1406 does not exempt developments using federal monies or those developments that require prevailing wage for local government requirements.

This legislation does not address the timing of credit authorization and/or issuance and how costs associated with that process are viewed under a disaster declaration. If a development was authorized for credits in FY 2016 in a county without a disaster declaration and issued credits two years later in FY 2018 after a disaster declaration was declared, this legislation is unclear on how costs associated with the development are to be categorized with regard to wage determinations.

Officials at the **Office of Administration**, the **Office of the Secretary of State**, the **Department of Labor and Industrial Relations**, and the **Joint Committee on Administrative Rules** each assume no fiscal impact from this proposal to their respective organizations.

**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.

<b><u>FISCAL IMPACT - State Government</u></b>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b><u>FISCAL IMPACT - Local Government</u></b>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

Potential impact to small businesses located within disaster areas.

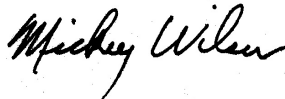
FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

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  
Office of Administration  
Joint Committee on Administrative Rules  
Department of Labor and Industrial Relations  
Office of the Secretary of State



Mickey Wilson, CPA  
Director  
December 29, 2015

Ross Strobe  
Assistant Director  
December 29, 2015