

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0155-02
Bill No.: HCS for HB 44
Subject: Housing; Tax Credits; Emergencies; Labor and Management
Type: Original
Date: February 21, 2017

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 2018 | FY 2019 | FY 2020 |
| | | | |
| Total Estimated Net Effect on General Revenue | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2018 | FY 2019 | FY 2020 |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2018 | FY 2019 | FY 2020 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2018 | FY 2019 | FY 2020 |
| | | | |
| | | | |
| 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 2018 | FY 2019 | FY 2020 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

In response to the previous version of this proposal, officials at the **Department of Economic Development** assumed 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. This proposal 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 2017 in a county without a disaster declaration and issued credits two years later in FY 2019 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's Division of Budget and Planning (B&P)** assume this proposal appears to have no direct impact on Total State Revenue or 18e. B&P defers Department of Labor and Industrial Relations for any specific state impacts.

Officials at the **Office of the Secretary of State** assume there is no fiscal impact from this proposal.

In response to the previous version of this proposal, officials at the **Department of Labor and Industrial Relations** and the **Joint Committee on Administrative Rules** assumed this proposal would not have a fiscal impact.

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.

Oversight notes this proposal would establish penalty provisions for contractors who hire or employ unauthorized aliens. Oversight assumes these provisions would not have a direct fiscal impact.

| | | | |
|---|---------------------|------------|------------|
| <u>FISCAL IMPACT - State Government</u> | FY 2018 (10 Mo.) | FY 2019 | FY 2020 |
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| <u>FISCAL IMPACT - Local Government</u> | FY 2018 (10 Mo.) | FY 2019 | FY 2020 |
| | <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.

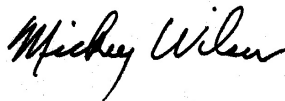
FISCAL DESCRIPTION

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
Joint Committee on Administrative Rules
Office of Administration
Division of Budget and Planning
Office of the Secretary of State



Mickey Wilson, CPA
Director

Ross Strobe
Assistant Director

L.R. No. 0155-02
Bill No. HCS for HB 44
Page 5 of 5
February 21, 2017

February 21, 2017

February 21, 2017