

**INDIVIDUAL INCOME TAX
Unfair Trade Practices**

April 30, 2003

| | Yes | No |
|---|------------|-----------|
| Separate Official Fiscal Note Requested | | |
| Fiscal Impact | | |
| DOR Administrative Costs/Savings | | |

Department of Revenue
Analysis of S.F. 1221 (Chaudhary), 2nd Engrossment

| | <u>Revenue Gain or (Loss)</u> | | | <u>FY2007</u> |
|--------------|-------------------------------|------------------|------------------|---------------|
| | <u>F.Y. 2004</u> | <u>F.Y. 2005</u> | <u>F.Y. 2006</u> | |
| | | (000's) | | |
| General Fund | \$0 | \$0 | \$0 | \$0 |

Effective August 1, 2003.

EXPLANATION OF THE BILL

Subdivision 1 prohibits an employer from misrepresenting the nature of its employment relationship with its employees to any federal, state, or local government unit, to other employers, or to its employees. The bill defines "misrepresentation" as a bad faith statement regarding the nature of the employment relationship or failure to report individuals as employees when legally required to do so.

Subdivision 2 prohibits employers from requiring or requesting employees to misrepresent themselves as independent contractors, or any other relationship with the employer that does not accurately reflect the employment relationship.

Subdivision 3 requires the court to forward documentation of findings of guilt under this section to the Commissioner of Labor and Industry, who is required to report the finding to the relevant state and federal agencies.

REVENUE ANALYSIS DETAIL

- This bill does not change the tax base and has no revenue impact.

Source: Minnesota Department of Revenue
Tax Research Division

<http://www.taxes.state.mn.us/polic.html#analyses>