mn DEPARTMENT OF REVENUE

TAXPAYER ASSISTANCE GRANTS
Appropriation

March 20, 2019

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of H.F. 1862 (Lien), 1st Engrossment As Proposed to be Amended (H1862A1)

	Fund Impact			
	F.Y. 2020	**F.Y. 2021**	**F.Y. 2022**	**F.Y. 2023**
	(000's)			
General Fund	($400)	($400)	$0	$0

Effective July 1, 2019.

EXPLANATION OF THE BILL

Current Law: The Commissioner of Revenue may award taxpayer assistance grants to nonprofit organizations to help provide taxpayer assistance services. The current ongoing appropriation for taxpayer assistance grants is $400,000 each fiscal year.

Proposed Law: The bill would appropriate an additional $400,000 in fiscal years 2020 and 2021 only. Up to 5% of the appropriation may be used to administer the program.

The bill also allows taxpayer assistance grants to be used to provide financial capability services integrated with taxpayer assistance. Services would include assistance opening a savings or checking account and depositing all or part of a tax refund into the account, among other things.

A grant recipient providing financial capability services must be a nonprofit organization that is registered with the Volunteer Income Tax Assistance (VITA) or Tax Counseling for the Elderly (TCE) programs, and must dedicate at least one employee to coordinating financial capability services at its taxpayer assistance sites.   A grant recipient that provides financial capability services must report to the Commissioner of Revenue on how the grant money was used.

The Commissioner of Revenue must offer technical assistance to grant recipients that provide financial capability services, within available appropriations.

REVENUE ANALYSIS DETAIL

- The current ongoing annual appropriation would be increased to $800,000 in fiscal years 2020 and 2021, after which it would revert to $400,000 per fiscal year.

Minnesota Department of Revenue
Tax Research Division
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