

March 31, 2022

| | | |
|----------------------------------|------------|-----------|
| | Yes | No |
| DOR Administrative Costs/Savings | | X |

Department of Revenue
Analysis of H.F. 4446 (Schultz)

| | Fund Impact | | | |
|--------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | <u>F.Y. 2022</u> | <u>F.Y. 2023</u> | <u>F.Y. 2024</u> | <u>F.Y. 2025</u> |
| | | (000's) | | |
| General Fund | \$0 | \$0 | \$0 | \$0 |

The program is established effective July 1, 2022.

The income tax subtraction is effective beginning tax year 2022.

The property tax refund subtraction is effective for refunds based on rent paid in 2022 and property taxes payable in 2023.

EXPLANATION OF THE BILL

Proposed Law: The bill creates a workforce incentive grant program to address workforce shortages of support workers and frontline workers in behavioral and mental health, housing, home and community based older adult programs, and programs for persons with disabilities. The bill does not include an appropriation for the program.

The grants are to be used for retention and incentive payments, and for education, transportation, and childcare costs for eligible workers.

To be eligible, a worker must earn \$30 or less per hour and have worked in the profession for at least 6 months. An eligible worker may receive up to \$5,000 per year.

The bill specifies that grants are not considered income, assets, or personal property. The amount of the workforce grant is a subtraction for individual income tax purposes and would not be included in income for property tax refund purposes.

REVENUE ANALYSIS DETAIL

- The proposed payments are not included in personal income or income tax revenues in the current state economic forecast. The effects of both the payments and the corresponding income tax subtraction will be factored into the next state economic forecast.

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