

April 20, 2023

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 2 (Richardson), 4th Engrossment

	Fund Impact			
	F.Y. 2024	F.Y. 2025	F.Y. 2026	F.Y. 2027
		(000's)		
General Fund	\$0	\$0	\$0	\$0

Effective beginning tax year 2023.

EXPLANATION OF THE BILL

Current Law: Employees can take up to 12 weeks of unpaid leave for parental leave and family leave. Parental leave covers leave associated with the birth or adoption of a child. Family leave covers the serious illness of a family member. These leaves are available if the employee worked for a company with 50 or more employees, and either if the employee either has been with the company for at least 12 months or if the employee worked at least half time during the past 12 months.

Proposed Law: The bill creates a family and medical benefit insurance program to be administered by the Department of Employment and Economic Development (DEED). To fund the program, all employers must pay a yearly premium based on employee wages. Employers who offer an approved alternative private plan are not required to pay the premium.

Benefits are paid to qualified applicants by DEED. An applicant may receive benefits for up to 12 weeks per year for health reasons or a pregnancy, and up to 12 weeks for bonding, safety leave, or family care. The weekly benefit amount is based on the employee’s average typical weekly wage and the state average weekly wage. An applicant may not receive benefits for any time for which the applicant is also receiving worker’s compensation or disability insurance payments.

The benefits are paid from state funds and are not considered to be paid from an insurance plan or by the employer.

REVENUE ANALYSIS DETAIL

- The bill will have no revenue impact because it makes no changes to tax law. Income from any source is generally taxable unless it is specifically excluded by law. It is assumed that the paid family leave benefits would be subject to the individual income tax.

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