

# Revised

**Fiscal Note**

**2025-2026 Legislative Session**

**HF3659 - 0 - Minnesota-source Income Filing Requirements Mod.**

Chief Author: **Athena Hollins**  
 Committee: **Taxes**  
 Date Completed: **3/2/2026 4:40:44 PM**  
 Agency: **Revenue Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		
		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2025	FY2026	FY2027	FY2028	FY2029
<b>Total</b>	-	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures. This fiscal note was revised to clarify that individuals whose income falls below the filing tax threshold would have minimal tax liability.

**LBO Signature:** Joel Enders      **Date:** 3/2/2026 4:40:44 PM  
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## State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
<b>Total</b>	-	-	-	-	-
<b>Biennial Total</b>			-		-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>					
<b>Total</b>	-	-	-	-	-
<b>Biennial Total</b>			-		-
<b>2 - Revenues, Transfers In*</b>					
<b>Total</b>	-	-	-	-	-
<b>Biennial Total</b>			-		-

## Bill Description

HF 3659 amends Minnesota Statutes 2024, section 289A.08, subd. 1 by requiring taxpayers who earned Minnesota-source income while participating in immigration enforcement activities to file an income tax return.

This bill is effective for taxable years beginning after December 31, 2025.

## Assumptions

The Department of Revenue (Revenue) assumes that most individuals with earned Minnesota-source income above the filing threshold would already be required to file, and those whose income falls below the filing threshold would have minimal tax liability. Revenue assumes the personnel affected by this provision will be reduced to pre-2025 levels by tax year 2027 and that Revenue will only see a one-time increase in returns filed.

The Income Tax and Withholding Division (ITW) assumes it will update the instructions for Form M1 and Schedule M1NR as well as internal resources, such as procedures and technical documents. These updates will be made by existing staff as part of the division's annual changes process.

ITW assumes 10 percent of the 4000 (400) potential claimants will call or email seeking assistance, with a standard rate of 15 minutes per call or email message. This equates to 100 hours of work in FY27. These calls and emails will be handled by existing staff.

ITW assumes updates to GenTax (the Integrated Tax System) and the revenue website will be made by existing staff as part of the division's annual changes process.

The Appeals, Legal Services, and Disclosure Division (ALSD) assumes an existing ITW attorney will review instructions and website guidance.

The Tax Operations Division (Tax Ops) assumes that it will receive 4,000 additional returns and 10 percent (400) will be stopped for review in FY27. This review can be completed by existing staff.

Tax Ops assumes they will send 400 Request for Information letters and 50 percent (200) of these will require a Tax Order letter in FY27.

MN.IT assumes development in the following areas in FY27: audit program; fraud manager. All work will be completed by existing staff. MN.IT does not anticipate any ongoing support costs.

## Expenditure and/or Revenue Formula

# Revised

N/A

## **Long-Term Fiscal Considerations**

N/A

## **Local Fiscal Impact**

N/A

## **References/Sources**

Agency staff provided information for this fiscal note.

### **Agency Contact:**

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