

HOUSE RESEARCH

Bill Summary

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Authors: Davids

Subject: Clarification of TANF funding for working family credit

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Overview

Provides that the 2014 expansion of the working family credit (WFC) is not to be funded with Temporary Assistance to Needy Families (TANF) funds.

Background. The 1997 federal welfare reform law authorized states to fund expansions of low-income tax credits with TANF. Minnesota expanded its WFC in 2000, and provided for the expansion to be funded with TANF. The authorizing statute references “the expansion of the credit rates for individuals with qualifying children over the rates provided in Laws 1999, chapter 243, article 2, section 12.” The 2014 legislature further increased the credit rates for individuals with qualifying children (Laws 2014, chapter 150, article 1, section 18), without explicitly considering if existing law would require the expansion to be funded with TANF. The November 2014 economic forecast projects that the TANF Reserve Fund will be fully allocated beginning in fiscal year 2017; full allocation would occur in fiscal year 2015 if the 2014 WFC expansion were funded using TANF. If the TANF fund is fully allocated to other uses, the 2000 and 2014 WFC expansions would be paid for through the general fund.

Section

- 1 TANF appropriation for WFC expansion.** Modifies the TANF appropriation for WFC expansion to clarify that it applies only to the WFC expansion enacted by the 2000 legislature, not to the 2014 expansion.

Section

Effective date: fiscal year 2015 and following years (credits for tax year 2014 and following years).