

**Subject** Unemployment Insurance and Frontline Worker Payments

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### Overview

The conference committee report was adopted by the conference committee on April 28, 2022. Article 1 appropriates money for the unemployment insurance trust fund repayment and replenishment. Article 2 provides for frontline worker payments. Article 3 appropriates money for COVID-19 management expenses, to be overseen by the revived Legislative COVID-19 Response Commission.

## Article 1: Unemployment Insurance Trust Fund

Section 1 appropriates money for the purposes of: (1) repaying outstanding loans and interest from the federal unemployment insurance trust fund; and (2) replenishing the unemployment insurance trust fund. Section 2 modifies the unemployment insurance tax rates and assessments for calendar years 2022 and 2023, provides a refund or credit to employers for higher amounts already paid in 2022, and waives penalties or interest for first quarter 2022 taxes. Section 3 is a repealer. This article is effective the day following final enactment.

### Section Description – Article 1: Unemployment Insurance Trust Fund

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**1 Appropriation; unemployment insurance trust fund loan repayment and replenishment.**

**Subd. 1. Appropriation.** Appropriates \$2,324,175,000 from the state fiscal recovery fund and \$405,825,000 from the general fund in fiscal year 2022 to: (1) repay outstanding federal unemployment insurance trust fund loans and interest; and (2) replenish the unemployment insurance trust fund.

**Subd. 2. Repayment.** Requires the commissioner of employment and economic development to determine the outstanding amount owed for federal unemployment insurance trust fund borrowing and interest within ten days of enactment, and issue payments in that amount from the money appropriated in subdivision 1.

**Section Description – Article 1: Unemployment Insurance Trust Fund**

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**Subd. 3. Replenishment.** Requires the commissioner of employment and economic development to replenish the unemployment insurance trust fund with all remaining money appropriated in subdivision 1, after making the repayment under subdivision 2.

**2 Unemployment base tax rate and assessment for calendar years 2022 and 2023.**

**Subd. 1. Base tax rate.** Freezes the base tax rate at 0.1 percent for calendar years 2022 and 2023. The base tax rate otherwise increased to 0.5 percent for calendar year 2022 under current law.

**Subd. 2. Additional assessment.** Sets the additional assessment at 0 percent for calendar years 2022 and 2023. The additional assessment was otherwise set at 14 percent for calendar year 2022 under current law.

**Subd. 3. Special assessment.** Sets the special assessment at 0 percent for calendar year 2022. The special assessment was otherwise set at 1.8 percent for calendar year 2022.

**Subd. 4. Employer credits, refunds.** Requires the commissioner of employment and economic development to issue a refund or credit to taxpaying employers for amounts they have already paid for calendar year 2022 that were higher than the rates set in subdivisions 1 to 3.

**Subd. 5. Waiving of penalties and interest.** Directs the commissioner of employment and economic development to waive any interest or penalties accrued for first quarter 2022 unemployment taxes that were due on April 30, 2022, but not paid on or before May 31, 2022.

**3 Repealer.**

Repeals Laws 2021, First Special Session chapter 12, article 5, section 3, which allowed American Rescue Plan Act funds to replace eligible general fund appropriations.

**Effective date:** Sections 1 to 3 are effective the day following final enactment.

## **Article 2: Frontline Worker Payments**

Establishes a program for making payments to frontline workers whose work put them at risk of contracting COVID-19 during the peacetime emergency declared by the governor.

**Section Description – Article 2: Frontline Worker Payments**

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**1 Frontline worker payments; public purpose.**

States a legislative purpose to providing payments to frontline workers whose work put them at risk of contracting COVID-19 during the peacetime emergency declared by the governor. Finds a public purpose and benefit to these payments, under the premium pay provisions of the American Rescue Plan Act of 2021.

**2 Frontline worker payments.**

**Subd. 1. Program established; payments authorized.** Directs the commissioner of revenue, in coordination with the commissioners of labor and industry and employment and economic development, to make payments to frontline workers as provided in this section.

**Subd. 2. Frontline sector defined.** Defines “frontline sector” as:

- 1) long-term care and home care;
- 2) health care;
- 3) emergency responders;
- 4) public health, social service, and regulatory service;
- 5) courts and corrections;
- 6) child care;
- 7) schools, including charter schools, state schools, and higher education;
- 8) food service, including production, processing, preparation, sale, and delivery;
- 9) retail, including sales, fulfillment, distribution, and delivery;
- 10) temporary shelters and hotels;
- 11) building services, including maintenance, janitorial, and security;
- 12) public transit;
- 13) ground and air transportation services;
- 14) manufacturing; and
- 15) vocational rehabilitation.

**Subd. 3. Eligible frontline workers.** Defines which workers are eligible for payments under the program. To be eligible, an individual must:

- 1) have been employed for 120 hours or more in Minnesota in one or more frontline sectors between March 15, 2020, and June 30, 2021;
- 2) not have been eligible to telework during those hours due to the nature of the work which required close proximity to individuals outside of the applicant’s household;
- 3) have an adjusted gross income, defined as, for, at least one taxable year in 2020 or 2021, an income of less than \$85,000 or \$185,000 for married

**Section Description – Article 2: Frontline Worker Payments**

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taxpayers filing jointly, unless the applicant was employed in an occupation with direct COVID-19 patient care responsibilities, in which case the limit is \$175,000, or \$350,000 for married taxpayers filing jointly; and

- 4) not have collected unemployment insurance benefits, as defined in a specific technical way, or served a nonpayable week for more than 20 cumulative weeks between March 15, 2020, and June 26, 2021.

**Subd. 4. Application; verification of eligibility.** Requires applicants to certify in their application that they meet the eligibility requirements under subdivision 3. Directs the commissioner of labor and industry to establish an application process as soon as practicable with an application period of no more than 45 days. Stipulates that the commissioner must provide application assistance, including multilingual temporary help lines, applications, and instructions. Directs the commissioners to jointly verify applicant eligibility to the extent possible. Allows applicants to appeal denials of eligibility within 15 days, though the commissioner of labor and industry's decision on appeal is final. Allows the commissioner of labor and industry to contract with a third party for the application process and application assistance.

**Subd. 5. Eligibility; payments.** Directs the commissioner of revenue to determine the payment amount for applicants once the application period closes, based on available appropriations and the number of eligible applicants. Requires that the chosen payment amount be: 1) made as soon as practicable; 2) the same for all applicants; and 3) no more than \$1,500. Allows the commissioner of revenue to contract with a third party for these payment processes. Directs the commissioner to seek to recover payments from recipients later determined to have been ineligible for the program using the normal agency processes for audit, assessment, appeal, collection, enforcement, and administration.

**Subd. 6. Data practices.** Classifies all data collected or created by this program about individual applicants as private data on individuals or nonpublic data. Allows this data to be shared between agencies and any third-party vendors to the extent necessary for administration of the program.

**Subd. 7. Notice requirement.** Requires employers in a frontline sector to provide notice within 15 days of an application period opening to all current workers who may be eligible for payments under this program that this assistance exists and how to apply. Stipulates this notice must be conspicuous, such as a notice at the work site or providing a copy of the notice to all workers via handout, mailing, or email.

**Section Description – Article 2: Frontline Worker Payments**

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**Subd. 8. Payments not to be considered income.** Excludes frontline worker payments from being considered as income for the purposes of state income taxes or eligibility for a wide range of state programs.

**Subd. 9. Report.** Requires a report to the legislature within 90 days of when payments are finished being made under this program on:

- the number of applicants;
- the final amount of the payment;
- how much additional money would need to be appropriated to raise that payment to \$1,500 per worker;
- the number of applicants denied payments; and
- the reasons applicants were denied.

**Subd. 10. Procurement.** Exempts this program from state procurement laws and program administration procedures.

**Subd. 11. Appropriations.** Makes onetime appropriations from the general fund in fiscal year 2022 of \$500,000,000 to the commissioner of revenue for payments to frontline workers and \$11,650,000 to the commissioner of labor and industry to administer the payments. Keeps these appropriations available until June 30, 2023, and allows funds to be transferred between agencies as needed.

**Subd. 12. Audit.** Encourages the Office of the Legislative Auditor to begin work on an audit of program funds no later than February 1, 2023.

**Effective date:** Except as specified, this section is effective the day following final enactment. Subdivision 8, paragraphs (a), (b), and (c), are effective for taxable years beginning after December 31, 2021, and before January 1, 2024, for property tax refunds based on rent paid in 2021 or 2022, and for property tax refunds based on property taxes payable in 2022 and 2023. Subdivision 8, paragraphs (d) and (e) are effective the day following final enactment, except for a program for which federal approval is required, changes affecting the program are effective upon federal approval.

**3 Appropriations given effect once.**

Directs that if an appropriation in this act is enacted more than once during the 2022 regular session, it will be given effect only once.

**Effective date:** This section is effective the day following final enactment.

## Article 3: COVID-19 Management

Appropriates money for COVID-19 management expenses, to be overseen by the revived Legislative COVID-19 Response Commission.

### Section Description – Article 3: COVID-19 Management

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#### 1 **Appropriation; COVID-19 management.**

Makes a onetime appropriation of \$190,000,000 in fiscal year 2022 from the general fund to the commissioner of management and budget to pay for COVID-19 management expenses that occur between May 23, 2022, and February 15, 2023. Allows funds to be transferred to state agencies as necessary and keeps funds available until March 31, 2023. Requires the Legislative COVID-19 Response Commission to review the commissioner of management and budget's proposed allocations of this appropriation before funds may be expended. Gives the commission three days after a request is submitted to perform the review and prohibits the expenditure if a majority of the commission members from either house of the legislature – considered separately – make a negative recommendation on a request. Allows, but does not require, the commission to hold public meetings, including remote meetings. Permits commission members to respond to requests in writing or through a designee.

The Legislative COVID-19 Response Commission was first created in 2020 and is composed of:

- the majority leader of the senate;
- the minority leader of the senate;
- the president of the senate;
- the chair of the senate Finance Committee;
- the ranking minority member of the senate Finance Committee;
- the speaker of the house of representatives;
- the minority leader of the house of representatives;
- the majority leader of the house of representatives;
- the chair of the house of representatives Ways and Means Committee;
- and
- the ranking minority member of the house of representatives Ways and Means Committee.

Or their designees.

**Effective date:** This section is effective the day following final enactment.

**Section Description – Article 3: COVID-19 Management**

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**2 Legislative COVID-19 Response Commission.**

Retroactively revives legislation from 2020 that established the Legislative COVID-19 Response Commission, which had been allowed to expire in December of 2020.

**Effective date:** This section is effective retroactively from December 30, 2020, and applies to duties required under this article.



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