

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 430  
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**Subject:** Family Economic Security Act

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### Overview

This bill is the “Family Economic Security Act.” The bill includes provisions to forecast child care assistance programs (currently the Basic Sliding Fee child care program is not forecasted), increase the maximum child care assistance program income exit level, modify the minimum wage, modify the working family credit, and create a child credit.

#### Section

- 1 Citation.** Specifies this bill may be cited as the “Family Economic Security Act.”
- 2 Child care services.** Amends § 119B.02, subd. 1. Removes language limiting the commissioner to distributing funds for child care programs within the limits of available appropriations. Section 15 requires the commissioner of management and budget to include the Basic Sliding Fee child care assistance program in the forecast of state revenues and expenditures.
- 3 Family move; continued participation.** Amends § 119B.03, subd. 9. Makes conforming changes related to forecasting the Basic Sliding Fee program and specifies the process for counties to administer the child care assistance program when a family receiving assistance moves from one county to another.
- 4 Establishment.** Amends § 119B.035, subd. 1. Makes conforming changes related to forecasting the Basic Sliding Fee program.

**Section**

- 5 Child care fund plan.** Amends § 119B.08, subd. 3. Makes conforming changes related to forecasting the Basic Sliding Fee program.
- 6 General eligibility requirements for all applicants for child care assistance.** Amends § 119B.09, subd. 1. Increases the maximum income exit level for child care assistance eligibility from 67 percent of state median income to 76 percent of state median income.
- 7 Temporary ineligibility of military personnel.** Amends § 119B.09, subd. 4a. Makes conforming changes related to forecasting the Basic Sliding Fee program.
- 8 Employee.** Amends § 177.23, subd. 7. Modifies the definition of “employee” for the purposes of labor standards and wages.
- 9 Amount.** Amends § 177.24, subd. 1. Modifies the definitions of “large employer” and “small employer.” Modifies the minimum wage beginning September 1, 2013, and provides for the minimum wage to be annually increased by the rate of inflation beginning in 2015.
- 10 Employer liability.** Amends § 177.27, subd. 7. Modifies employer liability when an employer is found to have violated labor standards statutes or rules.
- 11 Court actions; suits brought by private parties.** Amends § 177.27, subd. 8. Modifies the amount of civil damages owed to an employee by an employer when the employer is found to have paid an employee less than the wages and overtime compensation to which the employee is entitled.
- 12 Timing and disposition of penalty and case disallowance funds.** Amends § 256.017, subd. 9. Makes conforming changes related to forecasting the child care assistance programs.
- 13 Working family credit.** Amends § 290.0671, subd. 1. Increases the working family credit, allowed under the individual income tax. The credit equals a percentage of earned income, and is subject to an income-based phaseout, and is refundable, with amounts in excess of liability paid as refunds. The table shows the maximum credit by family size under present law and this bill.

**Maximum credit**

	Current law	H.F. 430
No children	\$122	\$138
One child	\$973	\$1,099
Two or more qualifying children	\$1,879	\$2,123

Effective beginning in tax year 2013.

- 14 Child credit.** Creates § 290.0682. Creates a new income tax credit equal to \$100 for each child under age 17, defined by reference to the definition used for the federal child credit.

**Section**

Makes the credit refundable, so that credit amounts in excess of an individual's income tax liability paid as a refund. The credit is subject to an income-based phaseout. Individuals with adjusted gross income (AGI) less than 300 percent of the federal poverty guideline for the current year are eligible for the maximum credit, and the credit is phased out for those with AGI between 300 percent and 400 percent of the federal poverty guideline. The table shows the credit amount and the income ranges at which the credit would phase out by family size for families of up to four people; the start of the phaseout range would increase by \$11,880 for each additional family member, and the end of the phaseout would increase by \$15,840 for each additional family member.

<b>Family size</b>	<b>Credit</b>	<b>Start of phaseout</b>	<b>End of phaseout</b>
1 adult, 1 child	\$100	\$45,390	\$60,520
1 adult, 2 children	\$200	\$57,270	\$76,360
1 adult, 3 children	\$300	\$69,150	\$92,200
2 adults, 1 child	\$100	\$57,270	\$76,360
2 adults, 2 children	\$200	\$69,150	\$92,200

Effective beginning in tax year 2013.

- 15** **Direction to commissioner of management and budget.** Requires the state obligation for the Basic Sliding Fee child care assistance program to be included in the Department of Management and Budget forecast of state revenues and expenditures beginning with the November 2013 forecast.
- 16** **Repealer.** Repeals Minnesota Statutes, sections 119B.03, subd. 1 (notice of allocation), 2 (waiting list), 4 (funding priority), 5 (review of use of funds; reallocation), 6 (allocation formula), 6a (allocation due to increased funding), 6b (allocation due to decreased funding), and 8 (guaranteed floor); 119B.09, subd. 3 (priorities; allocations); and 177.23, subd. 11 (companionship services; hours).