

Are Former Welfare Recipients Filing State Income Tax Returns A Look One Year After Leaving Welfare

This short subject lists the characteristics of former Aid to Families with Dependent Children and Minnesota Family Investment Program parents who did not file Minnesota income tax returns. Included is information on the characteristics of nonfilers and the characteristics of those who might be eligible for the working family credit, but did not apply.

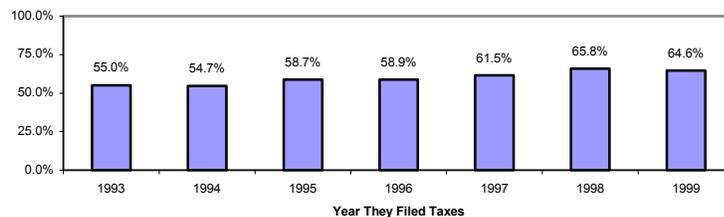
Families that file Minnesota income taxes

One year after leaving AFDC or MFIP:

- In 1997, 18,498 families left welfare, and one year later, 12,172 filed state income tax returns
- The percentage of families filing increased to 65.8 percent in 1998 from 55.0 percent in 1993.

The data includes family heads and spouses, regardless of whether the spouse ever received AFDC or MFIP.

**Percent of Parents That Filed State Income Taxes
One Year After Leaving AFDC or MFIP**



The chart takes all parents that leave welfare and do not return by September 2001. The percentage of filers are those that file an M-1 income tax form one year after leaving welfare.

Who is less likely to file Minnesota income taxes?

Of parents who left welfare in 1997, the lowest filing rate in 1998 included:

- 37.4 percent of those parents living in Hennepin and Ramsey County (780 parents); 59.8 percent of those parents in Moorhead and East Grand Forks (79 parents); and 35.5 percent of those parents in the northwest nonmetropolitan area (258 parents).
- 51.6 percent of African Americans, 59.7 percent of Hispanics, and 58.6 percent of Native Americans;
- 48.6 percent of those parents who did not graduate high school.

A few examples for not filing for taxes

Some reasons why parents may not file tax returns include:

- they moved away from Minnesota
- they had no taxable income (e.g., all of income was from child support, income from a live-in partner, or income from other government programs)
- they had too little income to be required to file tax returns

Of those that worked in Minnesota how many did not file state income taxes?

The following lists the characteristics of parents who left welfare and earned wages in Minnesota the following year, but did not file income tax returns. It includes information on only those parents formerly on AFDC or MFIP (not including wage information for spousal parents or step-parents who never received AFDC or MFIP). This section might be of interest to policymakers concerned about whether former welfare recipients are filing for state tax benefits like the working family credit.

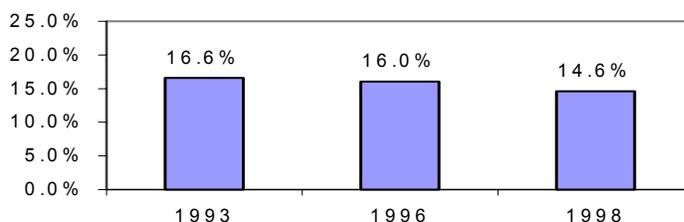
The number of parents with wage income.

- At least 12,583 or 68.0 percent of all families leaving welfare in 1997 had wage income in 1998.
- The percentage increased from 56.4 percent in 1993.

The number that filed. Of those 12,583 families with wage income in 1998:

- 14.6 percent (1,836 families) did not file Minnesota income tax returns.
- That percentage decreased from 16.6 percent (1,534 families) in 1993.

Percent of Parents with Wage Income One Year after Leaving AFDC or MFIP that Did Not File Minnesota Income Tax Returns



Who is less likely to file even though they have wage income?

Of those parents who left welfare in 1997, the simple percentages of families with wage income that did not file tax returns include:

- 16.9 percent of families that lived in Hennepin and Ramsey County, 26.9 percent of families that lived in Moorhead and East Grand Forks, and 19.5 percent of families that lived in the northwest nonmetropolitan region
- 22.7 percent of African American family heads (409), 22.6 percent of Hispanics (162), and 40.7 percent of Native Americans (237)
- 21.7 percent of family heads (633) who did not graduate high school
- 22.5 percent of family heads (657) with three or more children
- 18.5 percent of family heads (1,015) that were 35 or older

For more information: Contact legislative analyst Don Hirasuna at 651-296-8038.

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