

**SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION**

S.F. No. 2264

(SENATE AUTHORS: REST)

DATE
03/01/2023

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Introduction and first reading
Referred to Judiciary and Public Safety

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to data practices; proposing various policy and technical changes to
1.3 tax-related provisions; providing for certain disclosure of information; amending
1.4 Minnesota Statutes 2022, sections 13.46, subdivision 2; 270C.13, subdivision 1;
1.5 270C.446, subdivision 2; 290A.19; 299C.76, subdivisions 1, 2; Laws 2008, chapter
1.6 366, article 17, section 6.

1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.8 Section 1. Minnesota Statutes 2022, section 13.46, subdivision 2, is amended to read:

1.9 Subd. 2. **General.** (a) Data on individuals collected, maintained, used, or disseminated
1.10 by the welfare system are private data on individuals, and shall not be disclosed except:

1.11 (1) according to section 13.05;

1.12 (2) according to court order;

1.13 (3) according to a statute specifically authorizing access to the private data;

1.14 (4) to an agent of the welfare system and an investigator acting on behalf of a county,
1.15 the state, or the federal government, including a law enforcement person or attorney in the
1.16 investigation or prosecution of a criminal, civil, or administrative proceeding relating to the
1.17 administration of a program;

1.18 (5) to personnel of the welfare system who require the data to verify an individual's
1.19 identity; determine eligibility, amount of assistance, and the need to provide services to an
1.20 individual or family across programs; coordinate services for an individual or family;
1.21 evaluate the effectiveness of programs; assess parental contribution amounts; and investigate
1.22 suspected fraud;

2.1 (6) to administer federal funds or programs;

2.2 (7) between personnel of the welfare system working in the same program;

2.3 (8) to the Department of Revenue to assess parental contribution amounts for purposes
2.4 of section 252.27, subdivision 2a, administer and evaluate tax refund or tax credit programs
2.5 and to identify individuals who may benefit from these programs, and prepare the databases
2.6 for reports required under section 270C.13 and Laws 2008, chapter 366, article 17, section
2.7 6. The following information may be disclosed under this paragraph: an individual's and
2.8 their dependent's names, dates of birth, Social Security numbers, income, addresses, and
2.9 other data as required, upon request by the Department of Revenue. Disclosures by the
2.10 commissioner of revenue to the commissioner of human services for the purposes described
2.11 in this clause are governed by section 270B.14, subdivision 1. Tax refund or tax credit
2.12 programs include, but are not limited to, the dependent care credit under section 290.067,
2.13 the Minnesota working family credit under section 290.0671, the property tax refund and
2.14 rental credit under section 290A.04, and the Minnesota education credit under section
2.15 290.0674;

2.16 (9) between the Department of Human Services, the Department of Employment and
2.17 Economic Development, and when applicable, the Department of Education, for the following
2.18 purposes:

2.19 (i) to monitor the eligibility of the data subject for unemployment benefits, for any
2.20 employment or training program administered, supervised, or certified by that agency;

2.21 (ii) to administer any rehabilitation program or child care assistance program, whether
2.22 alone or in conjunction with the welfare system;

2.23 (iii) to monitor and evaluate the Minnesota family investment program or the child care
2.24 assistance program by exchanging data on recipients and former recipients of Supplemental
2.25 Nutrition Assistance Program (SNAP) benefits, cash assistance under chapter 256, 256D,
2.26 256J, or 256K, child care assistance under chapter 119B, medical programs under chapter
2.27 256B or 256L, or a medical program formerly codified under chapter 256D; and

2.28 (iv) to analyze public assistance employment services and program utilization, cost,
2.29 effectiveness, and outcomes as implemented under the authority established in Title II,
2.30 Sections 201-204 of the Ticket to Work and Work Incentives Improvement Act of 1999.
2.31 Health records governed by sections 144.291 to 144.298 and "protected health information"
2.32 as defined in Code of Federal Regulations, title 45, section 160.103, and governed by Code
2.33 of Federal Regulations, title 45, parts 160-164, including health care claims utilization
2.34 information, must not be exchanged under this clause;

3.1 (10) to appropriate parties in connection with an emergency if knowledge of the
3.2 information is necessary to protect the health or safety of the individual or other individuals
3.3 or persons;

3.4 (11) data maintained by residential programs as defined in section 245A.02 may be
3.5 disclosed to the protection and advocacy system established in this state according to Part
3.6 C of Public Law 98-527 to protect the legal and human rights of persons with developmental
3.7 disabilities or other related conditions who live in residential facilities for these persons if
3.8 the protection and advocacy system receives a complaint by or on behalf of that person and
3.9 the person does not have a legal guardian or the state or a designee of the state is the legal
3.10 guardian of the person;

3.11 (12) to the county medical examiner or the county coroner for identifying or locating
3.12 relatives or friends of a deceased person;

3.13 (13) data on a child support obligor who makes payments to the public agency may be
3.14 disclosed to the Minnesota Office of Higher Education to the extent necessary to determine
3.15 eligibility under section 136A.121, subdivision 2, clause (5);

3.16 (14) participant Social Security numbers and names collected by the telephone assistance
3.17 program may be disclosed to the Department of Revenue to conduct an electronic data
3.18 match with the property tax refund database to determine eligibility under section 237.70,
3.19 subdivision 4a;

3.20 (15) the current address of a Minnesota family investment program participant may be
3.21 disclosed to law enforcement officers who provide the name of the participant and notify
3.22 the agency that:

3.23 (i) the participant:

3.24 (A) is a fugitive felon fleeing to avoid prosecution, or custody or confinement after
3.25 conviction, for a crime or attempt to commit a crime that is a felony under the laws of the
3.26 jurisdiction from which the individual is fleeing; or

3.27 (B) is violating a condition of probation or parole imposed under state or federal law;

3.28 (ii) the location or apprehension of the felon is within the law enforcement officer's
3.29 official duties; and

3.30 (iii) the request is made in writing and in the proper exercise of those duties;

4.1 (16) the current address of a recipient of general assistance may be disclosed to probation
4.2 officers and corrections agents who are supervising the recipient and to law enforcement
4.3 officers who are investigating the recipient in connection with a felony level offense;

4.4 (17) information obtained from a SNAP applicant or recipient households may be
4.5 disclosed to local, state, or federal law enforcement officials, upon their written request, for
4.6 the purpose of investigating an alleged violation of the Food and Nutrition Act, according
4.7 to Code of Federal Regulations, title 7, section 272.1(c);

4.8 (18) the address, Social Security number, and, if available, photograph of any member
4.9 of a household receiving SNAP benefits shall be made available, on request, to a local, state,
4.10 or federal law enforcement officer if the officer furnishes the agency with the name of the
4.11 member and notifies the agency that:

4.12 (i) the member:

4.13 (A) is fleeing to avoid prosecution, or custody or confinement after conviction, for a
4.14 crime or attempt to commit a crime that is a felony in the jurisdiction the member is fleeing;

4.15 (B) is violating a condition of probation or parole imposed under state or federal law;
4.16 or

4.17 (C) has information that is necessary for the officer to conduct an official duty related
4.18 to conduct described in subitem (A) or (B);

4.19 (ii) locating or apprehending the member is within the officer's official duties; and

4.20 (iii) the request is made in writing and in the proper exercise of the officer's official duty;

4.21 (19) the current address of a recipient of Minnesota family investment program, general
4.22 assistance, or SNAP benefits may be disclosed to law enforcement officers who, in writing,
4.23 provide the name of the recipient and notify the agency that the recipient is a person required
4.24 to register under section 243.166, but is not residing at the address at which the recipient is
4.25 registered under section 243.166;

4.26 (20) certain information regarding child support obligors who are in arrears may be
4.27 made public according to section 518A.74;

4.28 (21) data on child support payments made by a child support obligor and data on the
4.29 distribution of those payments excluding identifying information on obligees may be
4.30 disclosed to all obligees to whom the obligor owes support, and data on the enforcement
4.31 actions undertaken by the public authority, the status of those actions, and data on the income
4.32 of the obligor or obligee may be disclosed to the other party;

5.1 (22) data in the work reporting system may be disclosed under section 256.998,
5.2 subdivision 7;

5.3 (23) to the Department of Education for the purpose of matching Department of Education
5.4 student data with public assistance data to determine students eligible for free and
5.5 reduced-price meals, meal supplements, and free milk according to United States Code,
5.6 title 42, sections 1758, 1761, 1766, 1766a, 1772, and 1773; to allocate federal and state
5.7 funds that are distributed based on income of the student's family; and to verify receipt of
5.8 energy assistance for the telephone assistance plan;

5.9 (24) the current address and telephone number of program recipients and emergency
5.10 contacts may be released to the commissioner of health or a community health board as
5.11 defined in section 145A.02, subdivision 5, when the commissioner or community health
5.12 board has reason to believe that a program recipient is a disease case, carrier, suspect case,
5.13 or at risk of illness, and the data are necessary to locate the person;

5.14 (25) to other state agencies, statewide systems, and political subdivisions of this state,
5.15 including the attorney general, and agencies of other states, interstate information networks,
5.16 federal agencies, and other entities as required by federal regulation or law for the
5.17 administration of the child support enforcement program;

5.18 (26) to personnel of public assistance programs as defined in section 256.741, for access
5.19 to the child support system database for the purpose of administration, including monitoring
5.20 and evaluation of those public assistance programs;

5.21 (27) to monitor and evaluate the Minnesota family investment program by exchanging
5.22 data between the Departments of Human Services and Education, on recipients and former
5.23 recipients of SNAP benefits, cash assistance under chapter 256, 256D, 256J, or 256K, child
5.24 care assistance under chapter 119B, medical programs under chapter 256B or 256L, or a
5.25 medical program formerly codified under chapter 256D;

5.26 (28) to evaluate child support program performance and to identify and prevent fraud
5.27 in the child support program by exchanging data between the Department of Human Services,
5.28 Department of Revenue under section 270B.14, subdivision 1, paragraphs (a) and (b),
5.29 without regard to the limitation of use in paragraph (c), Department of Health, Department
5.30 of Employment and Economic Development, and other state agencies as is reasonably
5.31 necessary to perform these functions;

5.32 (29) counties and the Department of Human Services operating child care assistance
5.33 programs under chapter 119B may disseminate data on program participants, applicants,
5.34 and providers to the commissioner of education;

6.1 (30) child support data on the child, the parents, and relatives of the child may be
6.2 disclosed to agencies administering programs under titles IV-B and IV-E of the Social
6.3 Security Act, as authorized by federal law;

6.4 (31) to a health care provider governed by sections 144.291 to 144.298, to the extent
6.5 necessary to coordinate services;

6.6 (32) to the chief administrative officer of a school to coordinate services for a student
6.7 and family; data that may be disclosed under this clause are limited to name, date of birth,
6.8 gender, and address;

6.9 (33) to county correctional agencies to the extent necessary to coordinate services and
6.10 diversion programs; data that may be disclosed under this clause are limited to name, client
6.11 demographics, program, case status, and county worker information; or

6.12 (34) between the Department of Human Services and the Metropolitan Council for the
6.13 following purposes:

6.14 (i) to coordinate special transportation service provided under section 473.386 with
6.15 services for people with disabilities and elderly individuals funded by or through the
6.16 Department of Human Services; and

6.17 (ii) to provide for reimbursement of special transportation service provided under section
6.18 473.386.

6.19 The data that may be shared under this clause are limited to the individual's first, last, and
6.20 middle names; date of birth; residential address; and program eligibility status with expiration
6.21 date for the purposes of informing the other party of program eligibility.

6.22 (b) Information on persons who have been treated for drug or alcohol abuse may only
6.23 be disclosed according to the requirements of Code of Federal Regulations, title 42, sections
6.24 2.1 to 2.67.

6.25 (c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16),
6.26 (17), or (18), or paragraph (b), are investigative data and are confidential or protected
6.27 nonpublic while the investigation is active. The data are private after the investigation
6.28 becomes inactive under section 13.82, subdivision 7, clause (a) or (b).

6.29 (d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but are
6.30 not subject to the access provisions of subdivision 10, paragraph (b).

6.31 For the purposes of this subdivision, a request will be deemed to be made in writing if
6.32 made through a computer interface system.

7.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

7.2 Sec. 2. Minnesota Statutes 2022, section 270C.13, subdivision 1, is amended to read:

7.3 Subdivision 1. **Biennial report.** (a) The commissioner shall report to the legislature on
7.4 the overall incidence of the income tax, sales and excise taxes, and property tax.

7.5 (b) The commissioner must submit the report:

7.6 (1) by March 1, 2021; and

7.7 (2) by March 1, 2024, and each even-numbered year thereafter.

7.8 (c) The report shall present information on the distribution of the tax burden as follows:

7.9 (1) for the overall income distribution, using a systemwide incidence measure such as the
7.10 Suits index or other appropriate measures of equality and inequality; (2) by income classes,
7.11 including at a minimum deciles of the income distribution; and (3) by other appropriate
7.12 taxpayer characteristics.

7.13 (d) The commissioner may request information from any state officer or agency to assist
7.14 in carrying out this section. The state officer or agency shall provide the data requested to
7.15 the extent permitted by law.

7.16 **EFFECTIVE DATE.** This section is effective the day following final enactment.

7.17 Sec. 3. Minnesota Statutes 2022, section 270C.446, subdivision 2, is amended to read:

7.18 Subd. 2. **Required and excluded tax preparers.** (a) Subject to the limitations of
7.19 paragraph (b), the commissioner must publish lists of tax preparers as defined in section
7.20 270C.445, subdivision 2, paragraph (h), who have been:

7.21 (1) convicted under section 289A.63;

7.22 (2) assessed penalties in excess of \$1,000 under section 289A.60, subdivision 13,
7.23 paragraph (a);

7.24 (3) convicted for identity theft under section 609.527, or a similar statute, for a return
7.25 filed with the commissioner, the Internal Revenue Service, or another state;

7.26 (4) assessed a penalty under section 270C.445, subdivision 6, paragraph (a), in excess
7.27 of \$1,000;

7.28 (5) issued a cease and desist order under section 270C.445, subdivision 6, paragraph
7.29 (b), that has become a final order; ~~or~~

8.1 (6) assessed a penalty under section 270C.445, subdivision 6, paragraph (l), for violating
8.2 a cease and desist order; or

8.3 (7) assessed a penalty under section 289A.60, subdivision 28, paragraph (c), or (d), in
8.4 excess of \$1,000.

8.5 (b) For the purposes of this section, tax preparers are not subject to publication if:

8.6 (1) an administrative or court action contesting or appealing a penalty described in
8.7 paragraph (a), clause (2), (4), or (6), has been filed or served and is unresolved at the time
8.8 when notice would be given under subdivision 3;

8.9 (2) an appeal period to contest a penalty described in paragraph (a), clause (2), (4), or
8.10 (6), has not expired;

8.11 (3) the commissioner has been notified that the tax preparer is deceased;

8.12 (4) an appeal period to contest a cease and desist order issued under section 270C.445,
8.13 subdivision 6, paragraph (b), has not expired;

8.14 (5) an administrative or court action contesting or appealing a cease and desist order
8.15 issued under section 270C.445, subdivision 6, paragraph (b), has been filed or served and
8.16 is unresolved at the time when notice would be given under subdivision 3;

8.17 (6) a direct appeal of a conviction described in paragraph (a), clause (1) or (3), has been
8.18 filed or served and is unresolved at the time when the notice would be given under
8.19 subdivision 3; or

8.20 (7) an appeal period to contest a conviction described in paragraph (a), clause (1) or (3),
8.21 has not expired.

8.22 **EFFECTIVE DATE.** This section is effective for returns filed after December 31, 2023.

8.23 Sec. 4. Minnesota Statutes 2022, section 290A.19, is amended to read:

8.24 **290A.19 OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE.**

8.25 (a) The owner or managing agent of any property for which rent is paid for occupancy
8.26 as a homestead must furnish a certificate of rent paid to a person who is a renter on December
8.27 31, in the form prescribed by the commissioner. If the renter moves before December 31,
8.28 the owner or managing agent may give the certificate to the renter at the time of moving,
8.29 or mail the certificate to the forwarding address if an address has been provided by the
8.30 renter. The certificate must be made available to the renter before February 1 of the year
8.31 following the year in which the rent was paid. The owner or managing agent must retain a

9.1 duplicate of each certificate or an equivalent record showing the same information for a
9.2 period of three years. The duplicate or other record must be made available to the
9.3 commissioner upon request.

9.4 (b) The commissioner may require the owner or managing agent, through a simple
9.5 process, to furnish to the commissioner on or before March 1 a copy of each certificate of
9.6 rent paid furnished to a renter for rent paid in the prior year. The commissioner shall prescribe
9.7 the content, format, and manner of the form pursuant to section 270C.30. The commissioner
9.8 may require the Social Security number, individual taxpayer identification number, federal
9.9 employer identification number, or Minnesota taxpayer identification number of the owner
9.10 or managing agent who is required to furnish a certificate of rent paid under this paragraph.
9.11 Prior to implementation, the commissioner, after consulting with representatives of owners
9.12 or managing agents, shall develop an implementation and administration plan for the
9.13 requirements of this paragraph that attempts to minimize financial burdens, administration
9.14 and compliance costs, and takes into consideration existing systems of owners and managing
9.15 agents.

9.16 (c) For the purposes of this section, "owner" includes a park owner as defined under
9.17 section 327C.015, subdivision 9, and "property" includes a lot as defined under section
9.18 327C.015, subdivision 6.

9.19 **EFFECTIVE DATE.** This section is effective for refund claims based on rent paid in
9.20 2023 and thereafter.

9.21 Sec. 5. Minnesota Statutes 2022, section 299C.76, subdivision 1, is amended to read:

9.22 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following definitions
9.23 apply.

9.24 (b) "Federal tax information" means federal tax returns and return information or
9.25 information derived or created from federal tax returns, in possession of or control by the
9.26 requesting agency, that is covered by the safeguarding provisions of section 6103(p)(4) of
9.27 the Internal Revenue Code.

9.28 (c) "IRS Publication 1075" means Internal Revenue Service Publication 1075 that
9.29 provides guidance and requirements for the protection and confidentiality of federal tax
9.30 information as required in section 6103(p)(4) of the Internal Revenue Code.

9.31 (d) "National criminal history record information" means the Federal Bureau of
9.32 Investigation identification records as defined in Code of Federal Regulations, title 28,
9.33 section 20.3(d).

10.1 (e) "Requesting agency" means the Department of Revenue, Department of Employment
 10.2 and Economic Development, Department of Human Services, board of directors of MNsure,
 10.3 Department of Information Technology Services, attorney general, and counties.

10.4 **EFFECTIVE DATE.** This section is effective the day following final enactment.

10.5 Sec. 6. Minnesota Statutes 2022, section 299C.76, subdivision 2, is amended to read:

10.6 Subd. 2. **National criminal history record information check.** As required by IRS
 10.7 Publication 1075, a requesting agency shall require fingerprints for a national criminal
 10.8 history record information check from the following individuals who have or will have
 10.9 access to federal tax information:

10.10 (1) a current or prospective permanent or temporary employee of the requesting agency;

10.11 (2) an independent contractor or vendor of the requesting agency; or

10.12 (3) an employee ~~or agent~~ of an independent contractor or vendor of the requesting agency;
 10.13 ~~or.~~

10.14 ~~(4) any other individual authorized to access federal tax information by the requesting~~
 10.15 ~~agency.~~

10.16 **EFFECTIVE DATE.** This section is effective the day following final enactment.

10.17 Sec. 7. Laws 2008, chapter 366, article 17, section 6, is amended to read:

10.18 Sec. 6. **DATA UPDATE.**

10.19 The commissioner of revenue must continue to maintain, update, and make available
 10.20 the information required under Laws 1987, chapter 268, article 7, section 1, subdivision 6,
 10.21 paragraph (b). The commissioner may request information from any state officer or agency
 10.22 to assist in carrying out paragraph (b). The state officer or agency shall provide the data
 10.23 requested to the extent permitted by law. The commissioner must provide the most complete
 10.24 and current data available, when requested, to the chairs of the senate and house of
 10.25 representatives committees on taxes.

10.26 **EFFECTIVE DATE.** This section is effective the day following final enactment.