This Document can be made available
in alternative formats upon request

State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 2146

03/10/2025 Authored by Greenman, Agbaje and Howard
The bill was read for the first time and referred to the Committee on Workforce, Labor, and Economic Development Finance and Policy

A bill for an act

relating to employment; requiring annual reports from partnership entities of the Intergovernmental Misclassification Enforcement and Education Partnership; appropriating money; amending Minnesota Statutes 2024, section 181.725, by adding a subdivision.

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

Section 1. Minnesota Statutes 2024, section 181.725, is amended by adding a subdivision to read:

Subd. 4b. **Misclassification rates; partnership entity annual reporting.** (a) Beginning March 1, 2026, and each March 1 thereafter, each partnership entity must report to the chairs and ranking minority members of the legislative committees with jurisdiction over labor the following information:

(1) an estimate of the number of workers experiencing misclassification;

(2) an estimate of the cost of misclassification to impacted workers;

(3) an estimate of impact on law-abiding competitors of employers that have misclassified employees; and

(4) an estimate of misclassification by industry to help guide partnership enforcement priorities.

(b) Based on the estimated misclassification rates and information required under paragraph (a), the following must also be included with the reports under paragraph (a):

(1) from the Department of Employment and Economic Development, an estimate of the impact to:

(i) the unemployment insurance trust fund;

(ii) the family and medical benefit insurance account; and

(iii) the tax and premium rates for those programs, as applicable;

(2) from the Department of Revenue, an estimate of the impact to:

(i) income tax collection; and

(ii) other government programs; and

(3) from the Department of Labor and Industry, an estimate of the impact to:

(i) the workers' compensation fund; and

(ii) workers' compensation insurance rates.

Sec. 2. **APPROPRIATIONS; MISCLASSIFICATION FRAUD ANALYSIS.**

Subdivision 1. **Appropriations.** (a) $..... in fiscal year 2026 and $..... in fiscal year 2027 are appropriated from the general fund to the commissioner of labor and industry for misclassification fraud analysis.

(b) $..... in fiscal year 2026 and $..... in fiscal year 2027 are appropriated from the general fund to the commissioner of revenue for misclassification fraud analysis.

(c) $..... in fiscal year 2026 and $..... in fiscal year 2027 are appropriated from the general fund to the commissioner of employment and economic development for misclassification fraud analysis.

(d) $..... in fiscal year 2026 and $..... in fiscal year 2027 are appropriated from the general fund to the commissioner of commerce for misclassification fraud analysis.

(e) $..... in fiscal year 2026 and $..... in fiscal year 2027 are appropriated from the general fund to the attorney general for misclassification fraud analysis.

Subd. 2. **Use of money.** Money appropriated under this section must be used for costs associated with estimating misclassification fraud rates and analyzing impacts to programs and funds overseen by the respective agencies that may be impacted by misclassification fraud as required under Minnesota Statutes, section 181.725, subdivision 4b.