SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION

S.F. No. 5032

(SENATE AUTHORS: DRAZKOWSKI, Rest, Heintzeman, Lucero and Holmstrom)

DATE	D-PG	OFFICIAL STATUS
04/09/2026	7936	Introduction and first reading Referred to Taxes
04/27/2026	9110a	Comm report: To pass as amended
	9172	Second reading See HF2438

A bill for an act

relating to taxation; establishing a tax on certain individuals and organizations convicted of and benefiting from fraud; providing for certain data sharing and disclosure; amending Minnesota Statutes 2024, sections 270B.14, by adding a subdivision; 270B.15; 270C.56, subdivision 1; 289A.60, subdivision 6; Minnesota Statutes 2025 Supplement, section 299C.061, subdivision 6; proposing coding for new law in Minnesota Statutes, chapter 290.

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

Section 1. Minnesota Statutes 2024, section 270B.14, is amended by adding a subdivision to read:

Subd. 25. **Exchange of criminal investigative data between Department of Revenue and Financial Crimes and Fraud Section.** (a) For purposes of this subdivision, "FCFS" means the Financial Crimes and Fraud Section of the Bureau of Criminal Apprehension.

(b) The commissioner may disclose active criminal investigative data as classified under section 270B.03, subdivision 6, to the FCFS. The FCFS may disclose active criminal investigative data concerning tax administration to the commissioner as outlined in section 299C.061, subdivision 6. The commissioner may enter into an agreement with the FCFS outlining procedures to implement the exchange of information under this subdivision, but an agreement may provide for the disclosure of data only to the extent allowed under this subdivision. Disclosure is allowed only for the purpose of and to the extent necessary for tax administration and for the purpose of and to the extent necessary for the FCFS to carry out section 299C.061, subdivision 3.

(c) Data disclosed by the commissioner to the FCFS under this subdivision are classified under section 270B.03, subdivision 6. Data disclosed by the FCFS to the commissioner under section 299C.061, subdivision 6, are classified under section 13.82, subdivision 7.

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

Sec. 2. Minnesota Statutes 2024, section 270B.15, is amended to read:

270B.15 DISCLOSURE TO LEGISLATIVE AUDITOR AND STATE AUDITOR; INSPECTOR GENERAL.

Subdivision 1. **Legislative auditor and state auditor.** (a) Returns and return information must be disclosed to the legislative auditor to the extent necessary for the legislative auditor to carry out sections 3.97 to 3.979.

(b) The commissioner must disclose return information, including the report required under section 289A.12, subdivision 15, to the state auditor to the extent necessary to conduct audits of job opportunity building zones as required under section 469.3201.

Subd. 2. **Inspector general.** Returns and return information must be disclosed to the inspector general, as given meaning in section 15E.10, to the extent necessary for the inspector general to carry out chapter 15E.

EFFECTIVE DATE. This section is effective January 1, 2027, unless the legislature has not established the inspector general as referred to in this section, in which case this section will not be enacted.

Sec. 3. Minnesota Statutes 2024, section 270C.56, subdivision 1, is amended to read:

Subdivision 1. **Liability imposed.** A person who, either singly or jointly with others, has the control of, supervision of, or responsibility for filing returns or reports, paying taxes, or collecting or withholding and remitting taxes and who fails to do so, or a person who is liable under any other law, is liable for the payment of taxes arising under chapters 295, 296A, 297A, 297F, and 297G, or sections 290.034, 290.92, and 297E.02, and the applicable penalties and interest on those taxes.

EFFECTIVE DATE. This section is effective for convictions of fraud made after December 31, 2025.

Sec. 4. Minnesota Statutes 2024, section 289A.60, subdivision 6, is amended to read:

Subd. 6. **Penalty for failure to file, false or fraudulent return, evasion.** (a) If a person, with intent to evade or defeat a tax or payment of tax, fails to file a return, files a false or

fraudulent return, or attempts in any other manner to evade or defeat a tax or payment of tax, there is imposed on the person a penalty equal to 50 percent of the tax, less amounts paid by the person on the basis of the false or fraudulent return, if any, due for the period to which the return related.

(b) If a person files a false or fraudulent return that includes a claim for refund, there is imposed on the person a penalty equal to 50 percent of the portion of any refund claimed that is attributable to fraud. The penalty under this paragraph is in addition to any penalty imposed under paragraph (a) or (c).

(c) If a person receives money, whether reported or not reported on a return, that is due to fraud of a public program as defined in section 290.034, subdivision 1, without regard to whether a conviction resulted, there may be imposed on the person a penalty equal to 100 percent of the amounts received attributable to the fraud. The penalty under this paragraph is in addition to any penalty imposed under paragraph (a) or (b). This penalty must not be assessed on any amounts already assessed under section 290.034. Any amounts collected must be deposited to the tax relief account identified in section 290.034, subdivision 5.

EFFECTIVE DATE. This section is effective for convictions of fraud made after December 31, 2025.

Sec. 5. **[290.034] TAX ON AMOUNTS OBTAINED THROUGH FRAUD.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "First-tier rate" means the lowest rate cited in section 290.06, subdivision 2c, paragraphs (a) to (c).

(c) "Public program" and "fraud" have the meanings given in section 13.357.

(d) "Program fraud amount" means the amount of money acquired directly or indirectly by fraud of a public program that is certified to the commissioner under subdivision 4. This definition excludes refunds for overpayment of taxes.

Subd. 2. **Tax imposed.** (a) A tax equal to 100 percent of the program fraud amount is imposed on any person or organization convicted by a state or federal court of fraud.

(b) The tax under this section applies regardless of any amount of restitution, tax, or penalty imposed on or paid by a person or organization described in paragraph (a).

(c) If multiple persons or organizations are convicted of the same fraud, the liability shall be joint and several on the convicted persons or organizations.

(d) The assessment of this tax under paragraph (a) is considered a jeopardy assessment or jeopardy collection as provided in section 270C.36.

Subd. 3. **Data sharing.** As authorized by section 270B.14, subdivision 25, the commissioner may share with the Financial Crimes and Fraud Section of the Bureau of Criminal Apprehension active investigative data related to enforcement of this section.

Subd. 4. **Agency certification.** (a) After a conviction of a person or organization of fraud of a public program, the agency primarily responsible for administering the public program must certify to the commissioner the name of the person or organization, the name of the public program involved, and the amount of money the court determines the person or organization was responsible for in the conviction, regardless of the restitution amount.

(b) The agency's certification must be in the form and manner prescribed by the commissioner.

(c) An agency's certification to the commissioner is prima facie correct and valid. The person or organization has the burden of establishing its incorrectness or invalidity in any related action or proceeding.

Subd. 5. **Deposit of money.** (a) A tax relief account is established in the special revenue fund. The commissioner must deposit the money collected from the tax imposed under this section to the tax relief account.

(b) The funds will remain in this account until the following:

(1) by December 15 of each year, the commissioner must determine the amount in the tax relief account and determine the amount of a reduction in the first-tier rate for the following taxable year. The determination is based using the most recent November forecast required under section 16A.103;

(2) when there is enough money accumulated in the tax relief account, the commissioner must reduce the first-tier rate for the following taxable year. This reduction must be calculated to approximate the amount currently on deposit in the tax relief fund. The reduction must only be for that taxable year. The threshold for a reduction of the rate must not be below one-tenth of one percent; and

(3) if the rate is reduced for the following taxable year under clause (2), the amounts in the tax relief fund must be deposited in the general fund.

EFFECTIVE DATE. This section is effective for convictions of fraud made after December 31, 2025.

Sec. 6. Minnesota Statutes 2025 Supplement, section 299C.061, subdivision 6, is amended to read:

Subd. 6. **Data sharing authorized.** Notwithstanding chapter 13 or any other statute related to the classification of government data to the contrary, state agencies making a referral under subdivision 4 or 5 shall provide data related to the suspected fraudulent activity to the Section, including data classified as not public. The Section may share active criminal investigative data concerning insurance fraud with the Department of Commerce and active criminal investigative data concerning tax administration with the Department of Revenue. Data shared by the Section under this subdivision are classified under section 13.82, subdivision 7.

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