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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 3156

03/16/2016 Authored by Newton

The bill was read for the first time and referred to the Committee on Aging and Long-Term Care Policy

1.1 A bill for an act
1.2 proposing an amendment to the Minnesota Constitution, article XI, by adding
1.3 a section; creating a dedicated fund for long-term care services; closing a tax
1.4 loophole by levying a tax on individuals with income not taxed for Social
1.5 Security purposes to fund long-term care services; dedicating revenues;
1.6 providing for the commissioner of revenue and the commissioner of human
1.7 services to propose implementing legislation.

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

1.9 ARTICLE 1

1.10 CONSTITUTIONAL AMENDMENT

1.11 Section 1. **CONSTITUTIONAL AMENDMENT PROPOSED.**

1.12 An amendment to the Minnesota Constitution is proposed to the people. If the
1.13 amendment is adopted, a section shall be added to article XI, to read:

1.14 Sec. 16. A dedicated long-term care fund for the benefit of Minnesotans is created.
1.15 This dedicated long-term care fund is funded by closing a large tax loophole. Prior to the
1.16 adoption of this amendment, the highest income people did not pay any Social Security
1.17 tax on any of their highest income. Only the highest income people received this special
1.18 treatment. Closing this loophole, and treating the highest income people the same as
1.19 everyone else, provides the funds necessary to help our most vulnerable citizens who need
1.20 long-term care. Receipts from the tax under this section, plus penalties and interest, and
1.21 less any refunds, are dedicated to that fund. For taxable years beginning after December
1.22 31, 2017, and before January 1, 2038, a tax is levied on high-income individuals with
1.23 income not taxed for Social Security purposes at the rate that the federal government
1.24 taxes income for Social Security purposes. If the federal government implements a tiered
1.25 system for taxing income for Social Security purposes, the tax under this section is levied

2.1 at the lowest tiered rate. Income not taxed for Social Security purposes is any income from
 2.2 wages or self-employment that is in excess of the Social Security contribution and benefit
 2.3 base for the taxable year. The money dedicated under this section shall be appropriated
 2.4 by law to fund the range of long-term care services provided to Minnesotans. Funds
 2.5 appropriated by law must supplement traditional sources of funding for long-term care
 2.6 services and may not be used as a substitute. Funds appropriated by law must reflect the
 2.7 demands and needs of the populations receiving long-term care services. Funds must be
 2.8 appropriated for services in all regions of the state and must be used in part to equalize
 2.9 rates paid for long-term care services in different regions of the state.

2.10 **Sec. 2. SUBMISSION TO VOTERS.**

2.11 (a) The title required under Minnesota Statutes, section 204D.15, subdivision 1,
 2.12 for the question submitted to the people under paragraph (b) shall be "Dedication to
 2.13 Our Most Vulnerable Citizens."

2.14 (b) The proposed amendment must be submitted to the people at the 2016 general
 2.15 election. The question submitted must be:

2.16 "Shall the Minnesota Constitution be amended to dedicate funding to long-term care
 2.17 for seniors and people with disabilities? This care will be funded by closing a tax loophole
 2.18 for a small group of wealthy individuals. Currently, individual income above \$118,500 is
 2.19 exempt from the tax which supports Social Security. Only the top 4% of income earners
 2.20 receive this special treatment. Everyone else is required to pay this tax on all of their
 2.21 earned income. Closing the loophole, and treating the top 4% the same as everyone else,
 2.22 will fund the care needed to help our most vulnerable citizens.

2.23 Yes
 2.24 No "

2.25 **ARTICLE 2**

2.26 **IMPLEMENTING LEGISLATION**

2.27 **Section 1. AGENCY PROPOSAL FOR IMPLEMENTING LEGISLATION.**

2.28 If the amendment in article 1, section 1, to the Minnesota Constitution, article XI,
 2.29 is adopted, the commissioner of revenue and the commissioner of human services shall
 2.30 propose legislation to implement the long-term care tax and to appropriate the proceeds of
 2.31 the tax. The legislation must be introduced at the 2017 general session of the Minnesota
 2.32 Legislature.

APPENDIX
Article locations in 16-6111

ARTICLE 1 CONSTITUTIONAL AMENDMENT Page.Ln 1.9
ARTICLE 2 IMPLEMENTING LEGISLATION Page.Ln 2.25