S.F. No. 2360 – Misclassification Fraud Impact Report (A-1)

Author: Senator Clare Oumou Verbeten

Prepared by: Carlon Doyle Fontaine, Senate Counsel
(carlon.doyle.fontaine@mnsenate.gov)

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Section 1**. Misclassification fraud impact report.** Requires certain state agencies that are partnership entities (Labor and Industry (DLI), Employment and Economic Development (DEED), and Revenue (DOR)) to assess the financial and systemic effects of worker misclassification every two years.

Beginning January 15, 2027, requires DLI to submit a biennial Misclassification Fraud Impact Report to legislative committees overseeing taxes, workforce, and labor. Allows DLI to hire a third party to conduct work to complete the report. The study and report must estimate:

- The number of misclassified workers in Minnesota;
- The financial impact on affected workers;
- The prevalence of misclassification by industry; and
- The financial effects on the unemployment insurance trust fund, family and medical benefit insurance account, state income tax collection, workers' compensation fund, and workforce development fund.

The study and report will use data provided by DLI, DEED, and DOR, including tax audits, unemployment insurance data, tax audits and filing information, labor investigations, and workers' compensation information.

Section 2. **Appropriation; misclassification fraud impact report.** Makes a blank appropriation from the workforce development fund for activities associated with creating the report in section 1 to the commissioner of labor and industry. Allows DLI to enter into interagency agreements with DEED and DOR to allow transfer of funds to cover costs associated with the report.