

Consolidated Fiscal Note – 2013-14 Session

Bill #: S0925-1E Complete Date: 05/03/13

Chief Author: DIBBLE, SCOTT

Title: MARRIAGE BTWN TWO PERSONS AUTH

Fiscal Impact	Yes	No
State	X	
Local	X	
Fee/Departmental Earnings	X	
Tax Revenue		X

Agencies: Minnesota Management & Budget (04/10/13) Administration Dept (04/08/13)
 Public Safety Dept (05/03/13) Health Dept (04/08/13)
 Revenue Dept (05/02/13) Minnesota State Retirement Sys (05/02/13)
 Teachers Retirement Assn (05/02/13) Public Employees Retirement (05/02/13)
 Labor & Industry (04/11/13) University Of Minnesota (05/03/13)
 Employment & Economic Dev Dept (04/08/13) Human Services Dept (05/01/13)

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY13	FY14	FY15	FY16	FY17
Net Expenditures					
Misc Special Revenue Fund		104	6	6	6
Employment & Economic Dev Dept		104	6	6	6
Other Misc Special Revenue Fund		11	1	1	1
Health Dept		10	0	0	0
Administration Dept		1	1	1	1
Workers Compensation Fund					
Labor & Industry					
State Employees Insurance Fund		631	688	688	688
Minnesota Management & Budget		631	688	688	688
Revenues					
General Fund		190	10	10	10
Minnesota Management & Budget		190	10	10	10
Misc Special Revenue Fund		121	6	6	6
University Of Minnesota		17			
Employment & Economic Dev Dept		104	6	6	6
Other Misc Special Revenue Fund		11	1	1	1
Health Dept		10	0	0	0
Administration Dept		1	1	1	1
Workers Compensation Fund					
Labor & Industry					
Net Cost <Savings>					
General Fund		(190)	(10)	(10)	(10)
Minnesota Management & Budget		(190)	(10)	(10)	(10)
Misc Special Revenue Fund		(17)	0	0	0
University Of Minnesota		(17)			
Employment & Economic Dev Dept		0	0	0	0
Other Misc Special Revenue Fund		0	0	0	0
Health Dept		0	0	0	0
Administration Dept		0	0	0	0
Workers Compensation Fund					
Labor & Industry					
State Employees Insurance Fund		631	688	688	688
Minnesota Management & Budget		631	688	688	688
Total Cost <Savings> to the State		424	678	678	678

	FY13	FY14	FY15	FY16	FY17
Full Time Equivalents					
Other Misc Special Revenue Fund		0.11	0.00	0.00	0.00
Health Dept		0.11	0.00	0.00	0.00
Workers Compensation Fund	0.00	0.00	0.00	0.00	0.00
Labor & Industry	0.00	0.00	0.00	0.00	0.00
Total FTE	0.00	0.11	0.00	0.00	0.00

Consolidated EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: KATHARINE BARONDEAU
Date: 05/03/13 Phone: 651-201-8026

Fiscal Note – 2013-14 Session

Bill #: S0925-1E **Complete Date:** 04/10/13

Chief Author: DIBBLE, SCOTT

Title: MARRIAGE BTWN TWO PERSONS AUTH

Fiscal Impact	Yes	No
State	X	
Local	X	
Fee/Departmental Earnings	X	
Tax Revenue		X

Agency Name: Minnesota Management & Budget

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY13	FY14	FY15	FY16	FY17
Expenditures					
State Employees Insurance Fund		631	688	688	688
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
State Employees Insurance Fund		631	688	688	688
Revenues					
General Fund		190	10	10	10
Net Cost <Savings>					
General Fund		(190)	(10)	(10)	(10)
State Employees Insurance Fund		631	688	688	688
Total Cost <Savings> to the State		441	678	678	678

	FY13	FY14	FY15	FY16	FY17
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description

This bill establishes the provision of marriage between two persons, giving exemptions based on religious association, and providing context for treating spouses of the same sex in the same manner as spouses of opposite sex.

BACKGROUND:

The proposed legislation in establishing the provision of marriage between two persons, would allow spouses, either same-sex or opposite sex, to be eligible for health insurance benefits as a dependent of a state employee.

The bill defines marriage:

"in so far as its validity in law is concerned, is a civil contract between two persons, to which the consent of the parties, capable in law of contracting, is essential. Lawful marriage may be contracted only when a license has been obtained as provided by law and when the marriage is contracted in the presence of two witnesses and solemnized by one authorized, or whom one or both of the parties in good faith believe to be authorized, so to do."

The cost of providing health insurance benefits to state employees will increase for the State as a result of this legislation due to the cost associated with the employer contribution to an expansion of eligible dependents.

Assumptions

Expenditure side:

MMB administers the State Employee Group Insurance Program (SEGIP) which provides health coverage to eligible State employees and their dependents through the self-funded Minnesota Advantage Health Plan. The Advantage Health Plan is currently administered by three health plan administrators, and utilizes one PBM administrator to manage the pharmacy benefit, and is in compliance with all applicable state and federal regulations.

The 2013 monthly premium rate for employee only coverage is \$503.20. It is assumed that the claim cost associated with adding members to the Minnesota Advantage Plan will be the same as the average cost to cover a single employee.

According to 2010 Census of Population and Housing, the statewide unmarried partner rate was 6.87%, with the 7-County Metro at 6.93%. Percentages by county range as low as 4.18% to as high as 13.27%. Unmarried partner, as defined by the US Census:

An "unmarried partner household" consists of a householder and a person living in the household who reports that he or she is (1) an unmarried partner of the householder and of the opposite sex; (2) an unmarried partner of the householder and of the same sex; or (3) a spouse of the householder and of the same sex.

As reported in the 2010 U.S Census, Households and Families, 13.97% Minnesotans live in unmarried partner relationships, when eliminating married households from the total households. In applying this percentage to the benefit eligible employees not identified as married, this suggest there is an estimated 2,964 employees living in unmarried couple households. The overall unmarried couple households in Minnesota represent 6.87%, with 8.7% of those households same-sex couples and 91.3% of those household opposite-sex couples. In applying these percentages, the composition of the estimated 2,964 employees living in unmarried households would have approximately 259 in same-sex couples.

The State's current married relationship rate on benefit eligible employees is 58.97% vs the 2010 Census Minnesota state-wide married relationship rate of 50.81%. It is our assumption that marriage relationship would be at a minimum reflective of the state-wide married relationship rate and a maximum of the State's own married relationship rate. The expectation would be that the number of added spouses would range between 132 and 153. Taking the mid-point would place the estimate of potential additional spousal dependents at 143. The current participation rate of dependent spouses divided by the number of benefit eligible employees identified as married is 79.69%. In assuming a like participation rate, of the potential additional spouses, it is anticipated that 114 would enroll.

This participation assumption is further supported by survey data from a Kaiser Family Foundation report, identifying that public sector benefit programs are more likely to take on additional enrollees than their private or non-profit counterparts. Specifically the 2012 report indicates:

Public employers have both a higher eligibility rate and a higher take-up rate...Among workers eligible to participate in health benefits, 90% of covered workers at public employers take-up coverage, significantly more than the 78% that take-up at private employers and the 83% that take-up at non-profits.

Revenue side:

The number of marriage license applications issued by county registrars is expected to increase by allowing same sex persons to marry. This increase in applications will mean an increase in revenue generated by the marriage license fees collected.

The 2010 US Census (as revised September 2011) reported there were 10, 207 same-sex households in Minnesota, or .49 percent of all households. The statewide married relationship rate was 50.81 percent of Minnesotans. It is assumed there will be a similar rate of marriage for same-sex couples if this bill becomes law.

In the first year after enactment, it is expected that a larger number of same-sex couples will be married, since a first opportunity has been provided, with declining numbers in following years. Based on the marriage relationship rate of 50.81, it is assumed that the total number of same-sex marriages in the first year after enactment will be approximately 5,186.

Based on county data of marriage license fees reported to MMB, there were approximately 20,500 regular and 9,750 pre-marital education marriage licenses issued in FY 2012. This is a ratio of approximately two thirds for regular applications to one third for pre-marital education applications. An increase of .49 percent would be 100 regular and 48 pre-marital education applications per year beginning in FY 2015.

It is assumed that the current fee structure will remain in place. Counties will continue to retain the first \$25 of each application for marriage to help offset the costs of processing the applications. The remainder of the fees collected is remitted to the state. A portion of the state funds collected is distributed to the Department of Employment & Economic Development (DEED), the University of Minnesota (U of M), the Department of Public Safety (DPS), and the Department of Health (MDH) as follows:

Agency	Program	Fund	Regular Application	Pre-marital Education
MMB	N/A	General	\$55	-0-
DEED	Displaced Homemaker	Special Revenue	\$25	\$10
U of M	Couples on the Brink	Special Revenue	\$5	-0-
DPS	Parenting Time Centers	Special Revenue	\$3	\$3
MDH	MN ENABL	Special Revenue	\$2	\$2
Total			\$90	\$15

Based on county data of marriage dissolution fees reported to MMB, there were approximately 17,500 filings in FY 2012. It is assumed that marriage dissolution filings will also increase by .49 percent or 86 filings beginning in FY 2015. Currently, \$50 of each filing goes to the state's general fund and \$30 of each filing goes to DEED for the Displaced Homemaker program.

An effective date of August 1, 2013 is assumed.

Expenditure and/or Revenue Formula

Expenditure side:

Number of active employees	51,701
Employees Identified as Married	30,489
Number of Dependent Spouses Enrolled	24,298
Percentage of Married Employees Enrolling Spouses	79.69%
US Census - Minnesota: Unmarried Partners/Non-Spousal Households	13.97%
Estimate of unmarried partners (51,701 – 30,489 x 13.97%)	2,964
Estimated of Same-Sex households (8.7% of unmarried household attributed to same-sex)	259
Estimated to Marry (Mid-point between 132 and 153)	143
State Married Relationship Rate: 58.97% (259 x 58.97% = 153)	
2010 Census MN State-wide Married Relationship Rate: 50.81% (259 x 50.81% = 132)	

Anticipated Enrollment (143 x 79.69%) 114

Estimated cost of average adult Advantage member:

Advantage 2013 monthly premium, employee only coverage: \$503.20

Estimated Advantage program cost – per adult member per year: (\$503.20 x 12) \$6,038.40

Annual Cost: 114 x \$6,038.40 **\$688,378**

FY 2014 assumes enactment as of 8/1/2013; costs identified have not been adjusted for the lag associated with when the marriages would actually occur.

Revenue side:

FY 2014

5,186 x 2/3 = 3,457 regular applications @ \$90 = \$311,130

5,186 x 1/3 = 1,729 pre-marital education applications @ \$15 = \$25,935

FY 2015 and ongoing

100 regular applications @ \$90 = \$9,000

48 pre-marital education applications @ \$15 = \$720

86 marriage dissolution filings @ \$80 = 6,880

Agency	Fund	FY 2014	FY 2015	FY 2016	FY 2017
MMB	General	\$190,135	\$9,800	\$9,800	\$9,800
DEED	Special Revenue	\$103,715	\$5,560	\$5,560	\$5,560
U of M	Special Revenue	\$17,285	\$500	\$500	\$500
DPS	Special Revenue	\$15,558	\$444	\$444	\$444
MDH	Special Revenue	\$10,372	\$296	\$296	\$296
Total		\$337,065	\$16,600	\$16,600	\$16,600

Note: MMB's fiscal note includes only the non-dedicated revenue to the General fund. It is expected that the other agencies identified above will reflect their increased revenue on their portion of the fiscal note.

Long-Term Fiscal Considerations

The increased cost to cover additional eligible members will continue annually.

Local Government Impact

MMB expects local units of government will incur added insurance expense due to the expansion of the definition of marriage to include same-sex spouses. The extent of impact will vary for different units of government, based on several factors, including whether spouses are eligible for coverage, whether coverage is currently extended to same-sex domestic partners, and the cost of benefit coverage. As result, MMB is unable to estimate the resulting financial impact to local government with reasonable certainty. There may be an increase in local government costs associated with an increase in marriage license applications; however, this most likely would be offset by the increase in fee revenue the counties receive for processing the applications.

References/Sources

- 2013 premium rate information from the Minnesota Advantage Health Plan
- U.S. Department of Commerce, U. S. Census Bureau. Same-Sex Couple Households. 2010 American Community Survey Briefs. issued September 2011
- U.S. Department of Commerce, U. S. Census Bureau. United States Census 2010. Minnesota:2010. Summary of Population and Housing Characteristics, 2010 Census of Population and Housing. issued December 2012
- U.S. Department of Commerce, U. S. Census Bureau. United States Census 2010. Households and Families: 2010. 2010 Census Briefs. issued April 2012
- Kaiser Family Foundation and Health Research & Education Trust, Employer Health Benefits. 2012 Annual Survey

FN Coord Signature: DENNIS MUNKWITZ
Date: 04/10/13 Phone: 651-201-8004

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: KATHARINE BARONDEAU
Date: 04/10/13 Phone: 651-201-8026

Fiscal Note – 2013-14 Session

Bill #: S0925-1E **Complete Date:** 05/03/13

Chief Author: DIBBLE, SCOTT

Title: MARRIAGE BTWN TWO PERSONS AUTH

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings	X	
Tax Revenue		X

Agency Name: University Of Minnesota

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY13	FY14	FY15	FY16	FY17
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
Misc Special Revenue Fund		17			
Net Cost <Savings>					
Misc Special Revenue Fund		(17)			
Total Cost <Savings> to the State		(17)			
	FY13	FY14	FY15	FY16	FY17
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description

This bill provides for a marriage between two persons and allows for exemptions based on religious association.

Assumptions

It is estimated that there will be 3,457 regular licenses issued for same-sex marriages in Minnesota in the first year after enactment. There will be 100 regular marriage applications every year after beginning in FY15.

It is assumed the current marriage license fee structure will remain stable for the foreseeable future.

It is also assumed that the *Couples on the Brink* program affiliated with the University of Minnesota will (1) continue; and (2) continue to collect \$5 per regular marriage license application.

No additional costs associated with the Couples on the Brink Program are currently anticipated.

Expenditure and/or Revenue Formula

FY 14 = 3,457 (number of anticipated regular licenses issued for same-sex marriage) x \$5 (fee per license) = \$17,285 in anticipated additional revenue

FY 15 = 100 (number of anticipated regular licenses issued for same-sex marriage) x \$5 (fee per license) = \$500 in anticipated additional revenue

FY 16 = 100 (number of anticipated regular licenses issued for same-sex marriage) x \$5 (fee per license) = \$500 in anticipated additional revenue

FY 17 = 100 (number of anticipated regular licenses issued for same-sex marriage) x \$5 (fee per license) = \$500 in anticipated additional revenue

Long-Term Fiscal Considerations

Additional revenues are expected to be ongoing.

Couples on the Brink costs may increase over time given eligibility of same-sex couples to participate.

These assumptions do not currently include possible expenditures associated with extension of health and related benefits to same-sex married couples.

1. The University of Minnesota currently extends benefits to domestic partners.
2. Benefit practices of higher education institutions and other employers who first offered health benefits to domestic partners before same-sex marriages were legal in their home states vary.
3. Some institutions in states where same-sex marriage is legal opted to extend benefits to both domestic partners and those in same sex marriages, while other institutions chose to eliminate domestic partner benefits over time, given the assumption that domestic partner benefits were in place for same-sex couples whose relationships could not be legally recognized through marriage.
4. The long-term benefits management strategy to be adopted by the University of Minnesota once bill is passed is not known.

Local Government Impact

None.

References/Sources

SF925 MMB Preliminary Fiscal Note – 2013 Legislative Session.

Unmarried Equality: Domestic Partner Benefits FAQ: <http://www.unmarried.org/domestic-partnership/benefits/faq/#dpbenefits>

FN Coord Signature: KEEYA STEEL
Date: 05/03/13 Phone: 612-625-5512

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: KRISTY SWANSON
Date: 05/03/13 Phone: 651-201-8082

Fiscal Note – 2013-14 Session

Bill #: S0925-1E **Complete Date:** 05/01/13

Chief Author: DIBBLE, SCOTT

Title: MARRIAGE BTWN TWO PERSONS AUTH

Fiscal Impact	Yes	No
State		X
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Human Services Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY13	FY14	FY15	FY16	FY17
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY13	FY14	FY15	FY16	FY17
Full Time Equivalents					
-- No Impact --					
Total FTE					

Narrative for SF925-1E

Bill Description

Sec. 2 amends MS § 517.01 to strike current law specifying marriage as a civil contract between a man and a woman, allowing it instead to be between any two consenting persons.

Assumptions

Within DHS administered programs, marriage is only relevant to eligibility for public benefits in means-tested programs where income and/or assets are treated differently for married couples and their families than for those who are unmarried. In general, it is not possible to anticipate whether joint consideration of income or assets of a couple (now permitted to marry under this legislation) will result in more or less eligibility for DHS programs than would the consideration of one or two of a couple's individual income or assets.

The most recent American Community Survey (ACS) by the US Census provides basic nation-wide information on the incidence of unmarried same-sex couples and the make-up and economic status of their households. For instance, according to the 2011 ACS, Unmarried Same-Sex Couples have significantly higher average household incomes (\$106,753) than either Unmarried Opposite-Sex Couples (\$64,562) or Married Opposite-Sex couples (\$95,506). From this we infer that same-sex couples are somewhat less likely than opposite sex couples to use DHS programs, but this does not help answer the questions whether married couple formation would make more or fewer individuals eligible for DHS programs. The ACS estimates that Minnesota has 12,224 same-sex households. If we assume the national averages for income apply, then 16.4% or 2,004 households have household incomes below \$35,000. Assuming that only some of those 2,004 households will marry, and that for only some of those households will marriage change their eligibility status, the potential impacts on DHS means-tested programs appear to be quite small.

Effect of the Defense of Marriage Act: Most of the large means-tested programs at DHS are federal programs administered in partnership with the state, but subject to a host of federal law and regulation. As such, the federal Defense of Marriage Act (DOMA) precludes states from recognizing same sex marriage in determining eligibility for these programs. So, unless federal law changes, no effect of marriages permitted under this legislation will occur.

General Assistance (GA): GA is a state-only program and not subject to DOMA. All other eligibility factors held constant, two GA recipients would receive a reduced benefit standard if they were a married couple. The GA individual standard is \$203, while the standard for a married couple is \$260. A GA recipient marrying an individual with income would likely become ineligible for GA. So it appears that - this legislation could result in savings in GA, but there are no grounds for assuming that this would occur in a consequential number of cases.

Minnesota Supplemental Aid (MSA): MSA is a state-only program, but relies in part on federal eligibility standards. Current state law defines an MSA "assistance unit" as an individual or married couple who live together. The appropriate MSA assistance standard is based on the assistance unit determination. For MSA, the benefit amount for a married couple is \$111/month, for an individual it is \$81. - So the MSA situation parallels GA, and the likely fiscal effects are uncertain.

Group Residential Housing (GRH): GRH is a state-only program, but relies in part on federal eligibility standards. Few GRH recipients are married and this legislation is unlikely to change that, or to have a consequential effect on GRH recipients.

Expenditure and/or Revenue Formula

N/A

Fiscal Summary (000's)						
Fund	BACT	Description	FY2014	FY2015	FY2016	FY2017

		Total Net Fiscal Impact				
		FTE				

Long-Term Fiscal Considerations

Unknown

Local Government Costs

Unknown

References/Sources

DHS Reports & Forecasts
 US Census Data, American Community Survey

Agency Contact Name: Don Allen 651-431-2932
 FN Coord Signature: JAYNE RANKIN
 Date: 04/10/13 Phone: 651-431-3432

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: KERSTIN LARSON
 Date: 05/01/13 Phone: 651-201-8045

Fiscal Note – 2013-14 Session

Bill #: S0925-1E **Complete Date:** 04/08/13

Chief Author: DIBBLE, SCOTT

Title: MARRIAGE BTWN TWO PERSONS AUTH

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Health Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY13	FY14	FY15	FY16	FY17
Expenditures					
Other Misc Special Revenue Fund		10	0	0	0
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
Other Misc Special Revenue Fund		10	0	0	0
Revenues					
Other Misc Special Revenue Fund		10	0	0	0
Net Cost <Savings>					
Other Misc Special Revenue Fund		0	0	0	0
Total Cost <Savings> to the State					

	FY13	FY14	FY15	FY16	FY17
Full Time Equivalents					
Other Misc Special Revenue Fund		0.11	0.00	0.00	0.00
Total FTE		0.11	0.00	0.00	0.00

Bill Description

This bill makes several changes to Minnesota Statute to provide that marriage is between two persons rather than specifically between a man and a woman.

Assumptions

The Department of Health (MDH) oversees the collection of vital records, including marriage records. However, the actual work involved in issuing marriage licenses and collecting fees is done by the counties. As a result, the bill would not have a fiscal impact on MDH's role in overseeing marriage licenses.

\$2 of each marriage license fee paid is allocated to MDH for the Education Now and Babies Later (ENABL) program administered by MDH. It is assumed that there will be 5,186 additional marriage licenses issued in the state in FY 2014 as a result of this legislation. This will provide an additional \$10,372 in additional revenue for the ENABL program in FY 2014. After the first year, the total number of additional marriage licenses sold as a result of this bill will reduce to 148 per year, which reduces annual revenue for ENABL to \$296 in FY 2015 and subsequent years.

Expenditure and/or Revenue Formula

EXPENDITURES	SFY13	SFY14	SFY15	SFY16	SFY17
Salary and Fringe Benefits	0	8	0	0	0
Other Operating Costs	0	0	0	0	0
Grants	0	0	0	0	0
Administrative Services	0	0	0	0	0
OR Indirect Cost	0	2	0	0	0
TOTAL EXPENSES	0	10	0	0	0

Long-Term Fiscal Considerations

None

Local Government Impact

None

References/Sources

N/A

FN Coord Signature: DAVE GREEMAN
Date: 04/08/13 Phone: 651-201-5235

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: SUSAN MELCHIONNE
Date: 04/08/13 Phone: 651-201-8035

Fiscal Note – 2013-14 Session

Bill #: S0925-1E Complete Date: 05/02/13

Chief Author: DIBBLE, SCOTT

Title: MARRIAGE BTWN TWO PERSONS AUTH

Fiscal Impact	Yes	No
State		X
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Revenue Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY13	FY14	FY15	FY16	FY17
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY13	FY14	FY15	FY16	FY17
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description

SF925 1E (HF1054)

Current law defines marriage as a civil contract between a man and a woman. This bill provides for marriage between two persons.

Revenue Analysis

The 1st engrossment of this bill will not have an impact on state revenues as there is no language that would affect the income tax filing status for same sex couples.

Assumptions

This bill has no impact on tax laws. However, if it is enacted into law, same sex couples will continue to file according to the federal tax filing guidelines (e.g., single or head of household). The department would issue a press release and add instructions to the form M1 booklet regarding income tax filing requirements.

The number of phone calls is expected to increase but not at a volume to have a material effect on customer service or wait times.

Costs associated with this bill are expected to be minimal.

Long-Term Fiscal Considerations

Local Government Impact

References/Sources

Agency Contact Name: Ron Empting 651-556-4042
FN Coord Signature: RON EMPTING
Date: 04/11/13 Phone: 651-556-4042

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: BRYAN DAHL
Date: 05/02/13 Phone: 651-201-8031

Fiscal Note – 2013-14 Session

Bill #: S0925-1E **Complete Date:** 05/02/13

Chief Author: DIBBLE, SCOTT

Title: MARRIAGE BTWN TWO PERSONS AUTH

Fiscal Impact	Yes	No
State		X
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Public Employees Retirement

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY13	FY14	FY15	FY16	FY17
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY13	FY14	FY15	FY16	FY17
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description

We do not believe this bill would have a measurable cost to Public Employees Retirement Association.

FN Coord Signature: DAVE DEJONGE
Date: 04/03/13 Phone: 651-201-2641

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: BRYAN DAHL
Date: 05/02/13 Phone: 651-201-8031

Fiscal Note – 2013-14 Session

Bill #: S0925-1E **Complete Date:** 05/03/13

Chief Author: DIBBLE, SCOTT

Title: MARRIAGE BTWN TWO PERSONS AUTH

Fiscal Impact	Yes	No
State		X
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Public Safety Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY13	FY14	FY15	FY16	FY17
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					
	FY13	FY14	FY15	FY16	FY17
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description

SF925-1E defines marriage as being between two persons. It allows spouses of the same sex to be treated in the same manner as spouses of the opposite sex. The Department of Public Safety is responding to the impact of funds received based on Minnesota Statutes 517.08.

Assumptions

M.S. 517.08 authorizes \$3 per marriage license per year to the Commissioner of Public Safety for parenting times centers to be used for parenting time exchanges. The legislature direct appropriates an annual amount of \$96,000 for this purpose. The centers are created to reduce children's vulnerability to violence and trauma related to parenting time, where there has been a history of domestic violence or abuse within the family.

DPS will continue to annually receive these funds.

Expenditure and/or Revenue Formula

No fiscal impact

Agency Contact Name: Jeri Boisvert 651-201-7305
FN Coord Signature: LARRY FREUND
Date: 05/03/13 Phone: 651-201-7050

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: KEITH BOGUT
Date: 05/03/13 Phone: 651-201-8034

Fiscal Note – 2013-14 Session

Bill #: S0925-1E Complete Date: 05/02/13

Chief Author: DIBBLE, SCOTT

Title: MARRIAGE BTWN TWO PERSONS AUTH

Fiscal Impact	Yes	No
State		X
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Teachers Retirement Assn

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY13	FY14	FY15	FY16	FY17
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY13	FY14	FY15	FY16	FY17
Full Time Equivalent					
-- No Impact --					
Total FTE					

Bill Description

Senate File 925 requires that a spouse of the same sex be treated the same as a spouse of the opposite sex. Under the TRA plan, survivor benefits are provided to vested active or inactive teacher, who dies before retiring. Under the proposed bill, the same sex spouse would become eligible for the same benefit coverage.

Married TRA members are able to designate a spouse as an "optional joint annuitant" in the event of the teacher's death, prior to retirement. This provision provides for a lifetime monthly benefit for the spouse. For a single member, the designated beneficiary receives a lump-sum refund of the member's contributions plus interest. Employer contributions made during the teacher's career, plus investments earned on them, stay with the TRA Fund.

Assumptions

TRA typically experiences between 60 to 100 active and inactive member deaths annually. We do not have a reliable estimate of how many additional members from the group would obtain the status of married, should SF 925 become law. Active and inactive member survivor benefit coverage, in total, is estimated to annually cost the TRA plan about 0.10 percent of covered member salaries, or about \$4 million annually. Most likely, the law would produce a slightly higher number of TRA active and inactive member death benefits paid in the form of a joint and survivor annuity benefit, which would add slightly to the annual cost.

The proposal does not affect benefits determined at the time of retirement. Teachers who are retiring are already eligible to designate any person as an "optional joint annuitant", as they choose.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Government Impact

References/Sources

FN Coord Signature: LUTHER THOMPSON
Date: 04/08/13 Phone: 651-297-4853

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

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Fiscal Note – 2013-14 Session

Bill #: S0925-1E Complete Date: 05/02/13

Chief Author: DIBBLE, SCOTT

Title: MARRIAGE BTWN TWO PERSONS AUTH

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Minnesota State Retirement Sys

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY13	FY14	FY15	FY16	FY17
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY13	FY14	FY15	FY16	FY17
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description

SF925 defines marriage as being between two persons. It allows spouses of the same sex to be treated in the same manner as spouses of the opposite sex.

Costs to Minnesota State Retirement System (MSRS) Pension Plans

Current law requires that survivor benefits for retirees be selected at retirement and are paid by the retiree with an actuarial reduction in the monthly benefit. For example, if a retiree would be eligible for \$1,500 per month, they could receive a reduced benefit of \$1,200 per month to provide survivor coverage after their death. There is no requirement that the selected survivor be a spouse. There is no additional cost to the retirement plan for retiree survivor benefits.

Current law has built in surviving spouse benefits for employees who die while still working; spouses receive an automatic surviving spouse benefit if the employee dies while they are actively working. Last year, out of 50,000 employees, the system had only 36 employees die while working whose spouse was eligible for monthly benefits. The cost to expand this provision to spouses of the same sex is negligible because such a small number of employees die while actively employed.

FN Coord Signature: ERIN LEONARD
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EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: BRYAN DAHL
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Fiscal Note – 2013-14 Session

Bill #: S0925-1E Complete Date: 04/08/13

Chief Author: DIBBLE, SCOTT

Title: MARRIAGE BTWN TWO PERSONS AUTH

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings	X	
Tax Revenue		X

Agency Name: Employment & Economic Dev Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY13	FY14	FY15	FY16	FY17
Expenditures					
Misc Special Revenue Fund		104	6	6	6
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
Misc Special Revenue Fund		104	6	6	6
Revenues					
Misc Special Revenue Fund		104	6	6	6
Net Cost <Savings>					
Misc Special Revenue Fund		0	0	0	0
Total Cost <Savings> to the State					

	FY13	FY14	FY15	FY16	FY17
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description

The bill expands the definition of marriage to include same-sex couples.

Assumptions

The number of marriage license applications issued by county registrars is expected to increase by allowing same sex persons to marry. This increase in applications will mean an increase in revenue generated by the marriage license fees collected.

As reported in the 2010 U.S Census, Households and Families (as revised in September 2011) there were 10,207 same-sex households in Minnesota, which suggests that .49 percent of all Minnesota households were same sex couples. The statewide married relationship rate was 50.81 percent of Minnesotans. We assume a similar rate of marriage for same-sex couples if this bill becomes law.

Displaced Homemaker Program

The Displaced Homemaker Program (DHP) collects a flat fee for each marriage license and marriage dissolution filing. The additional revenue gets distributed to the Displaced Homemaker Program. It is assumed that the current fee structure will remain in place.

Agency	Program	Fund	Regular Application	Pre-marital Education	Marriage Dissolution
DEED	Displaced Homemaker	Special Revenue	\$25	\$10	\$30

MMB will provide the number of additional applications and marriage dissolution filings as a result of same-sex couple marriages.

Unemployment Insurance

The following provisions of the UI law make familial relationship relevant to eligibility for benefits:

Quit – Immediate Family Member Illness or Injury

Minnesota Statutes, section 268.095, subdivision 1(7) provides for an exception to ineligibility when an applicant quits in order to provide care to an immediate family member. There were 193 cases in 2012 where this provision was found to apply. The cost of benefits paid to these applicants was roughly \$700,000.

The passage of this provision could mean that there may be a few more individuals where this provision would be found to apply, but the exact number cannot be predicted. Because this provision applies in only a small number of cases, projections of costs related to this provision are challenging. The methodology used to project the cost of the proposed change cannot be made precise enough to conclude that there would be any actual cost. There would be no additional administrative cost for this provision, no system changes or business process changes of any significant would be required.

Quit – Spouse's Job Changed

Minnesota Statutes, section 268.095, subdivision 1(10) provides for an exception to ineligibility when an applicant quits to relocate with his or her spouse. There were 339 cases in 2012 where this provision was found to apply. The cost of benefits paid to these applicants was roughly \$2,350,000.

Because this provision applies in only a small number of cases, projections of costs related to this provision are challenging. The methodology used to project the cost of the proposed change cannot be made precise enough to conclude that there would be any actual cost. There would be no additional administrative cost for this provision, no system changes or business process changes of any significant would be required.

Wage Credit Limitation for Owners

Minnesota Statutes, section 268.085, subdivision 9, provides for the limitation on the use of wage credits such that the applicant is eligible for only five weeks of benefits when the spouse of an owner of a company. In 2012, this provision was applied to affect applicant eligibility 126 times. Average weekly benefit amount for the population whose earnings were limited under this provision was \$309, and the average duration for applicants affected by this provision prior applying the limitation is 24 weeks. On a per account basis, the saving created by

this provision is approximately \$5,500, or about \$670,000 per year in total.

If same-sex marriage was recognized, this provision may be applied in additional select instances. Applying this provision to additional select applicants would increase savings to the trust fund by a small amount. There would be no additional administrative cost to apply this provision to the number of additional cases anticipated.

Revenue Recapture

Minnesota UI uses the "Revenue Recapture" process managed by the Minnesota Department of Revenue to recoup debt owed by applicants by intercepting a portion of the taxpayer's Minnesota tax refund. This process allows for recapture from tax refunds where the tax return is filed jointly. If same-sex marriage is permitted, more couples may file joint state tax returns, which may result in higher refunds that in turn could be recaptured to offset UI debt. Same-sex marriage may result in increased debt collection for UI.

Conclusion

Because the provisions in UI law where familial relationship is relevant are relatively few and comparatively infrequently applied, the inclusion of same-sex marriage into the application of these provisions has an unnoticeable effect on benefit payment. The best, most well informed estimate possible would find that the inclusion of same-sex married couples under these UI provisions would be cost neutral.

Expenditure and/or Revenue Formula

Displaced Homemaker Program

FY 2014

3,457 regular applications @ \$25 = \$86,425

1,729 pre-marital education applications @ \$10 = \$17,290

FY 2015 and ongoing

100 regular applications @ \$25 = \$2500

48 pre-marital education applications @ \$10 = \$480

86 marriage dissolution filings @ \$30 = \$2,580

Agency	Fund	FY 2014	FY 2015	FY 2016	FY 2017
DEED	Special Revenue	\$103,715	\$5,560	\$5,560	\$5,560
	Total	\$103,715	\$5,560	\$5,560	\$5,560

Fees collected will be redistributed to the Displaced Homemaker Program.

Long-Term Fiscal Considerations

Local Government Costs

Local governments are generally reimbursing employers for unemployment insurance purposes. When benefits are paid out to a reimbursing employer's workers, the employer repays the UI trust fund the amount of benefits paid. If there is a change in the amount of benefits paid out, there will be a change in how much local government must reimburse the trust fund. As described above, however, the methodology to project the cost of this proposed change cannot be made precise enough to conclude that there would be any actual additional cost.

References/Sources

Department of Employment and Economic Development Unemployment Program and Performance Staff
U.S. Department of Commerce, U.S. Census Bureau

FN Coord Signature: MIKE MEYER

Date: 04/04/13 Phone: 651-259-7076

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: ELISABETH HAMMER
Date: 04/08/13 Phone: 651-201-8022

Fiscal Note – 2013-14 Session

Bill #: S0925-1E **Complete Date:** 04/11/13

Chief Author: DIBBLE, SCOTT

Title: MARRIAGE BTWN TWO PERSONS AUTH

Fiscal Impact	Yes	No
State		X
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Labor & Industry

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY13	FY14	FY15	FY16	FY17
Expenditures					
Workers Compensation Fund					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
Workers Compensation Fund					
Revenues					
Workers Compensation Fund					
Net Cost <Savings>					
Workers Compensation Fund					
Total Cost <Savings> to the State					

	FY13	FY14	FY15	FY16	FY17
Full Time Equivalents					
Workers Compensation Fund	0.00	0.00	0.00	0.00	0.00
Total FTE					

Bill Description

The bill provides for marriage between two persons

Assumptions

The probability of the bill having a significant fiscal impact to the Workers' Compensation Special Compensation Fund is very low.

In the case of a work-related death, an employee's spouse may be entitled to dependency benefits under Minnesota Workers' Compensation laws. In the event a death occurs while a person is employed by an uninsured employer (and in certain other limited situations), the Minnesota Special Compensation Fund would pay the dependency benefits. While the number of Workers' Compensation eligible workplace fatalities in Minnesota has averaged approximately 50 per year, it is not possible to predict with any accuracy the number of employee fatalities for which the Special Compensation Fund may pay dependency benefits or the number of spouses who would be affected under the provisions of this bill. However, the number is expected to be very low.

The estimated number of Minnesota workers covered under workers compensation is 2.4M. The current number of new benefit cases involving death paid for by the Special Compensation Fund is about 1 per year. The average annual cost of a single death benefit claim = \$23,816. A single claim may require annual payments for 10 years.

The 2010 U.S. census lists 12,589 same sex households in Minnesota. The statewide marriage relationship rate is 50.8% (from the department of administration fiscal note).

A marriage can have 0, 1, or 2 working spouses. 68.5% of the married individuals in Minnesota are married to working spouses (estimated from the 2011 American Community Survey). Assuming same sex marriages maintain the same employment rates as different sex marriages, Workers Compensation death benefit eligibility would cover: (12,589 households) X (50.8% marriage relationship rate) X (2) spouses X (68.5% of them working) = 8,761 additional workers with Workers' Compensation death benefit eligible spouses.

Prorating 1 annual Special Compensation Fund case per 2.4 million workers, the number of anticipated new special compensation cases = $((8,761 / 2.4M) \times 1) = .004$ annually.

Expenditure and/or Revenue Formula

Average estimated annual cost increase = $(\$23,816 \times .004) = \95 per year.

No significant fiscal impact.

Long-Term Fiscal Considerations

The probability of a new case impacting the Workers' Compensation Special Compensation Fund from this legislation is extremely low. However, should a Special Compensation Fund case occur, the expected costs to the fund would be \$23,816 per year for up to 10 years.

Local Government Impact

None

References/Sources

Workers' Compensation Division, Special Compensation Fund
<http://www.census.gov/hhes/samesex/data/acs.html>
2011 American Community Survey

FN Coord Signature: MIKE GAUSTAD
Date: 04/11/13 Phone: 651-284-5464

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: ELISABETH HAMMER
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Fiscal Note – 2013-14 Session

Bill #: S0925-1E Complete Date: 04/08/13

Chief Author: DIBBLE, SCOTT

Title: MARRIAGE BTWN TWO PERSONS AUTH

Fiscal Impact	Yes	No
State	X	
Local	X	
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Administration Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY13	FY14	FY15	FY16	FY17
Expenditures					
Other Misc Special Revenue Fund		1	1	1	1
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
Other Misc Special Revenue Fund		1	1	1	1
Revenues					
Other Misc Special Revenue Fund		1	1	1	1
Net Cost <Savings>					
Other Misc Special Revenue Fund		0	0	0	0
Total Cost <Savings> to the State					

	FY13	FY14	FY15	FY16	FY17
Full Time Equivalent					
-- No Impact --					
Total FTE					

Bill Description

SF 925.1E provides for marriage between two persons. The Department of Administration (Admin) received a request to provide a fiscal note on the impact of this bill related to workers' compensation.

Assumptions

The Workers' Compensation Program is administered by Admin. The program operates through a special revenue fund and expenditures are charged to the applicable state agencies. Coverage is provided to 59,240 state employees, which includes quasi-state agencies and MN State Colleges and Universities (MnSCU) student workers. Death claims are the only claims providing payments to spouses. This bill will apply to dependency benefits resulting from the death of a state employee. Over the last ten years the state has had 3 death claims with an average cost of \$643,198 per claim.

An unmarried partner, as defined by the U.S. Census:

An "unmarried partner household" consists of a householder and a person living in the household who reports that he or she is (1) an unmarried partner of the householder and of the opposite sex; (2) an unmarried partner of the householder and of the same sex; or (3) a spouse of the householder and of the same sex.

As reported in the 2010 U.S. Census, Households and Families, 13.97% Minnesotans live in unmarried partner relationships, when eliminating married households from the total households. In applying this percentage to covered state employees not identified as married, there is an estimated 3,395 employees living in unmarried couple households. The overall unmarried couple households in Minnesota represent 6.87%, with 8.7% of those households same-sex couples.

The State's current married relationship rate using the State Employee Group Insurance Program (SEGIP) eligible employee rate is 58.97% versus the 2010 Census Minnesota statewide married relationship rate of 50.81%. It is assumed that the marriage relationship would be at a minimum reflective of the statewide married relationship rate and a maximum of the State's own married relationship rate. The expectation would be that the number of added spouses would range between 150 and 174. The midpoint would place the estimate of potential additional spousal dependents at 162.

These assumptions are based on an effective date of July 1, 2013. Claim costs will be dependent upon the actual experience of the workers' compensation fund.

Expenditure and/or Revenue Formula

Number of covered state employees	59,240
State employee married relationship rate (based on SEGIP)	58.97%
Number of married state employees	34,935
Number of unmarried state employees	24,305
Percentage of unmarried partners (2010 Census data)	13.97%
Estimated number of unmarried state employee partners (59,240-34,935) x 13.97%	3,395
Estimated percent of same sex households among unmarried households	8.7%
Estimated number of same sex households	295
State employee married relationship rate (based on SEGIP)	58.97%

Estimated number based upon state employee married relationship rate	174
2010 census MN statewide relationship rate	50.81%
Estimated number of additional spouses based upon 2010 Census MN statewide relationship rate	150
Midpoint estimated number of additional spousal dependents	162
Anticipated death claims per year for entire employee population	0.3
Anticipated death claims per year per employee	0.000506415%
Expected number of death claims among same sex married households of state covered employees	0.0821132%
Average lifetime cost of death claims (based upon 3 deaths last 10 years)	\$643,198
Estimated cost per year of accepting risk for same sex married employees	\$528.15

Long-Term Fiscal Considerations

This bill will have an ongoing impact in future years and costs will be dependent upon actual claims experience.

Local Government Impact

Units of local government will also likely experience an increase in their workers' compensation costs upon a death claim. However, there is no information available to determine those costs.

References/Sources

Liz Houlding, Director
 Risk Management Division
 651 201-3010

2010 U.S. Census
 Workers' Compensation Program claim information

Agency Contact Name: Liz Houlding 651-201-3010
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EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

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