NORTH DAKOTA DEPARTMENT OF HUMAN SERVICES
BISMARCK, NORTH DAKOTA
January 29, 2013

IM 5160

TO:	County Social Service Directors Economic Assistance Policy Regional Representatives Economic Assistance Policy Quality Control Reviewers
FROM:	Carol Cartledge, Director, Economic Assistance Policy Maggie Anderson, Director, Medical Services
SUBJECT:	Tax Refunds
PROGRAMS:	TANF, SNAP, Medicaid, and Healthy Steps
EFFECTIVE:	Immediately
RETENTION:	Until Manualized

SECTIONS AFFECTED:

TANF:	400-19-55-05-30 – Exempt Assets 400-19-55-25 – Disregard of Certain Income
SNAP:	430-05-50-25-45 – Non-Recurring Lump-Sum Payments 430-05-50-30 – Income Excluded by Federal Law
Medicaid:	510-05-70-30 – Excluded Assets 510-05-85-25 – Post Eligibility Treatment of Income 510-05-85-30 – Disregarded Income
Healthy Steps:	510-07-40-30 Disregarded Income

The Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 (P.L. 111-312), signed into law on December 17, 2010, included a provision that required all programs funded in whole or in part with Federal funds, to disregard Federal tax refunds, including refundable tax credits such as the Earned Income Tax Credit (EITC), as income and assets for a period of 12 months from the month of receipt. This disregard was effective for all tax refunds received after December 31, 2009 through December 31, 2012.

<u>The American Taxpayer Relief Act of 2012, signed into law on January 2, 2013, makes these exclusions permanent. Therefore, continue to exclude tax refunds, including EITC, as income and assets for a period of 12 months from the month of receipt.</u>

<u>TANF</u>

Federal or state income tax refunds, including the Yearly Earned Income Tax Credit refund, are disregarded as income.

Federal or state income tax refunds, including the Yearly Earned Income Tax Credit refund are exempt as an asset <u>for a period of 12 months from the month of receipt.</u>

<u>SNAP</u>

SNAP policy prior to these exclusion excluded Federal and state income tax refunds as income and considered them an asset in the month received. EITC payments were excluded from income and asset consideration for the month of receipt and the following month. However, if the individual was participating at the time of receipt, the exclusion continued for as long as they participated up to a maximum of 12 months.

Based on this policy change, Federal tax refunds, including EITC payments, will now be excluded from income and asset consideration for a period of 12 months from the month of receipt regardless of participation in the program at the time of receipt.

State income tax refunds will continue to be excluded as income and considered as an asset in the month received.

<u>Medicaid, Healthy Steps and Basic Care</u>

Federal and state income tax refunds are disregarded as income per provisions at 510-05-85-30(24) and 510-07-40-30(23). Post Eligibility Treatment of Income does not allow for tax refunds to be disregarded. If receipt of a tax refund can be prospected applying 10-10-10 provisions, it is treated as a non-recurring lump sum, or income in the month received and subject to the asset provisions as itemized below thereafter for those residing in long term care living arrangements described at 510-05-85-25.

Medicaid asset provisions at 510-05-70-30(16) currently excludes Federal and state refunds for 9 months after receipt. The Federal portion of these refunds are now excluded for 12 months after receipt. The state portion remains excluded for only nine months.

Child Care Assistance Program
There are no changes in policy for CCAP.

Federal or state income tax refunds are disregarded as income.

Assets are not considered for the Child Care Assistance Program.

LIHEAP
Federal and state income tax refunds, including Earned Income Tax Credits (EITC) are not counted as income.

Federal and state income tax refunds, including Earned Income Tax Credits (EITC) are not counted as an asset.