

S.F. No. 1754 – Minnesota child credit (as proposed to be amended by the A-2 delete everything amendment)

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Section 1. Minnesota Child Credit.

Subd. 1. Definitions. References the Internal Revenue Code definition of “qualifying child”, which means a child who has not attained the age of 18, a student who has not attained the age of 24, or an individual who is permanently and totally disabled. A “young child” is a qualifying child who has not reached age 6.

Subd. 2. Credit allowed. Allows a credit equal to \$3,000 for each young child and \$1,000 for each qualifying child.

Subd. 3. Credit refundable. Provides that the credit is refundable and appropriates an amount sufficient to pay refunds.

Subd. 4. Advance payment of tax credits. Allows taxpayers to elect to receive the credit in six periodic advance payments. The aggregate amount of payments must equal the amount of credit for which the taxpayer would be eligible under subdivision 2. Requires the commissioner to establish a process for taxpayers to elect to receive and cease receiving advance payments, distribute advance payments, and inform taxpayers of the amount of advance payments received in a taxable year. The taxpayer’s credit that may be claimed on a tax return is reduced by the amount of advance payments received in a taxable year. The taxpayer’s tax liability is increased by the amount of advance payments received that exceed the amount for which the taxpayer is eligible.

Subd. 5. Tax credit not to be considered income. Specifies that the credit is not considered income or assets for purposes of determining eligibility for various state assistance and support programs.

Effective for taxable years beginning after December 31, 2022.