

April 3, 2024

To Minnesota Policymakers:

In 2023, Minnesota passed a nation-leading Child Tax Credit. As a result, more than one-third of Minnesota families with children will be better able to afford the basic expenses of raising thriving children.

The 2023 tax bill permits the Minnesota Department of Revenue to establish a process **for Minnesota families to choose to receive a portion of their Child Tax Credit in advance through periodic payments**, instead of waiting to receive the full amount after they have filed their state income taxes. Minnesota could become the first state in the nation to implement this innovative approach to how families receive tax credits. Advance periodic payments would get money in the pockets of Minnesota families sooner and more consistently during the year so they can better afford their daily lives.

Implementation of advance periodic payments must respond to the unfortunate fact that some families will face trade-offs if they choose advance periodic payments. Simply changing the frequency in which families receive the Child Tax Credit from one lump sum to periodic payments may have a negative impact on federal assistance families may rely on. Specifically, some families who choose advance periodic payments may see a reduction in food support through SNAP.

Our organizations support an advance periodic payment process with the following design principles:

- **Families are the decision-makers** about whether to opt in to receive advance periodic payments, and should be able to later opt out if advance payments do not meet their needs. Families should be able to opt out through an easy to navigate online portal and other methods.
- **Families are provided with sound, specific information** to inform their choice whether to receive advance payments and to successfully interact with the tax-filing system, regardless of their method of tax-filing. This includes information about how advance payments could impact other assistance and their annual tax refund; and how their Child Tax Credit could be impacted by changes in their family's income, marriage, or number of children living in the home.
- **Eliminate or limit negative impacts** on families' access to other assistance.
- **Protect families who in good faith choose to receive advance periodic payments** from repayment burdens.
- **Provide resources for successful implementation.** Volunteer tax preparation services, direct service organizations, and government entities that work directly with potentially eligible families should have financial and information resources to provide support and guidance to families in making their decisions about periodic payment.

An advance periodic payment process with all of the above design principles would create a positive opportunity for families and build a strong foundation for future improvements. These principles reflect learning gained from conversations with Minnesota families, the experiences of Minnesota organizations

who work with families, and recommendations by national policy research and tax preparation experts.

The Minnesota Child Tax Credit has huge potential to reduce poverty and hardship, narrow disparities by race and geography, and improve the lifetime prospects of Minnesota children. We look forward to continuing conversations about implementation of advance periodic payments of the Child Tax Credit.

Sincerely,

African American Leadership Forum
Austin Aspires
Big Brothers Big Sisters Twin Cities
Center for Economic Inclusion
Children's Defense Fund-Minnesota
Children's HealthWatch
EdAllies
Exodus Lending
Greater Twin Cities United Way
Jewish Family & Children's Service of Minneapolis
Kinderstube German Immersion Preschool,
operated by Germanic-American Institute
Legal Services Advocacy Project
Minneapolis Regional Chamber of Commerce
Minnesota Association for the Education of
Young Children
Minnesota Budget Project
Minnesota Catholic Conference
Minnesota Child Care Association
Minnesota Community Action Partnership

Minnesota Council of Nonprofits
Minnesota Council on Foundations
Minnesota Doctors for Health Equity
Minnesota Nurses Association
Minnesota's Prenatal to Three Coalition
MN Chapter, American Academy of Pediatrics
New Horizon Academy
Northwest Minnesota Foundation
o2b Kids
Phyllis Wheatley Community Center
Prepare + Prosper
PRISM
Rebecca Schueller Training & Consulting
Saint Paul Promise
The Arc Minnesota
Think Small
United Way of Central Minnesota
Voices for Racial Justice
YMCA Minneapolis
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