



## MINNESOTA BUDGET PROJECT

An initiative of  
the Minnesota Council  
of Nonprofits

April 16, 2024

Senator Ann Rest  
Chair, Senate Taxes Committee  
328 State Capitol  
St. Paul, MN 55155

Dear Chair Rest and Senate Taxes Committee members:

Thank you for the opportunity to provide a letter of support for Senate File 5347.

**The Minnesota Budget Project strongly supports increasing funding for taxpayer assistance and tax credit outreach.**

The 2023 tax bill included strong policy changes such as the new Child Tax Credit, reducing barriers facing ITIN holders, simplifying the Renters' Credit and transferring it to the income tax form, and others designed to improve the lives of everyday Minnesotans.

Reaching the full promise of the Child Tax Credit – as well as those other policy changes - comes down to implementation, ensuring that eligible families learn about the credit and how to apply for it by filing their Minnesota income taxes. This requires reaching those Minnesotans who do not have a history of regularly filing income taxes because they are not required to do so, and reaching those who face financial and language barriers to filing. Community-based nonprofits are trusted voices who have a vital role to play in these efforts.

In the 2025 filing season and beyond, big changes are in store. Starting that year, Minnesota renters will file for the Renters' Credit on their state income tax forms. This is an exciting change that builds on a history of actions by the Legislature to increase participation in the state's property tax refunds. But big changes also present challenges, and this transition will need attention and action to minimize potential negative impacts.

- Education, outreach, and tax-filing support is needed to make sure all renters successfully make the transition to filing on the income tax form, with special attention to those who currently only file for the Renters' Credit.
- Renters need good information about the timing shift that results from getting their Renters' Credits earlier in the year, so they can adjust their family budgets accordingly.

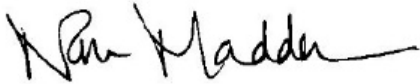
- Tax preparation providers need resources to respond to the increased demands from shifting Renters' Credit applications into the income tax filing season, and to take the time to educate renters on the timing shift.

The 2023 tax bill also provided the option to create a system for Minnesota families to choose to receive a portion of their Child Tax Credit in advance periodic payments. In 2025, Minnesota could be the first state in the nation to implement this innovative approach to how families receive their 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. This exciting paradigm shift in tax credit delivery will also need an investment in education, outreach, and tax preparation services so families can weigh the pros and cons of receiving advance periodic payments.

With current resources, free tax preparation sites are unable to serve all the members of the community who qualify and could benefit from their services, and not all communities and parts of our state have access to these services.

Increased and sustained funding for taxpayer assistance and tax credit outreach are an important investment in successful implementation of the 2023 tax bill and improving Minnesotans' interactions with the tax code.

Sincerely,

A handwritten signature in black ink, appearing to read "Nan Madden", with a long horizontal flourish extending to the right.

Nan Madden  
Minnesota Budget Project Director

*The Minnesota Budget Project, an initiative of the Minnesota Council of Nonprofits, identifies and promotes public policies so that economic security is available to all Minnesotans, regardless of who they are or where they live.*