



March 26, 2025

To: Minnesota Senate Taxes Committee

Thank you for the opportunity to provide a letter of support for Senate File 2581.

Our organizations strongly support increasing funding for taxpayer assistance and tax credit outreach.

The 2023 tax bill included strong policy changes such as the creation of Minnesota's nation-leading Child Tax Credit, simplifying the Renters' Credit and transferring it to the income tax form, and other improvements 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. Community-based nonprofits are trusted voices who have a vital role to play in these efforts, especially in reaching those who face financial or language barriers to filing.

Two exciting policy changes have launched in the 2025 filing season. Senate File 2581 provides important resources for successful implementation and support for Minnesotans out into the future.

Starting this year, Minnesota renters will **file for the Renters' Credit on their state income tax forms** instead of through a separate property tax refund filing process. This is an important change that builds on a history of actions by the Legislature to increase participation in the state's property tax refunds. Senate File 2581 provides resources to support:

- Education, outreach, and tax-filing support so that 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.
- Ensuring renters are aware of the timing shift that results from getting their Renters' Credits earlier in the year, so they can adjust their family budgets accordingly.
- Resources for tax preparation providers 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.

Also launching this year is the option for Minnesota families to choose to receive a portion of their future **Child Tax Credit in advance periodic payments**. In 2025, Minnesota is the first state in the nation to implement this innovative approach to how families receive their tax credits. Advance periodic payments 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 is supported by Senate File 2581's 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 through Senate File 2581 is an important investment in improving Minnesotans' interactions with the tax code.

Sincerely,

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