

**SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION**

S.F. No. 1754

(SENATE AUTHORS: PRATT, Dziezic, Cwodzinski, Nelson and Kreun)

DATE
02/16/2023

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Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to taxation; individual income; establishing a temporary refundable young
1.3 child credit.

1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.5 Section 1. MINNESOTA CHILD CREDIT.

1.6 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have
1.7 the meanings given:

1.8 (1) "qualifying child" has the meaning given in section 152(c) of the Internal Revenue
1.9 Code; and

1.10 (2) "young child" means a qualifying child of the taxpayer who has not attained the age
1.11 of six as of the close of the calendar year in which the taxable year of the taxpayer began.

1.12 (b) The definitions in Minnesota Statutes, chapter 290, apply to this section.

1.13 Subd. 2. Credit allowed. (a) An individual income taxpayer is allowed a credit against
1.14 the tax imposed under Minnesota Statutes, chapter 290, equal to \$3,000 for each young
1.15 child of the taxpayer.

1.16 (b) The credit is reduced by ten percent of adjusted gross income in excess of:

1.17 (1) \$150,000 for a married taxpayer filing a joint return;

1.18 (2) \$112,500 for a head of household taxpayer; and

1.19 (3) \$75,000 for all other taxpayers.

2.1 Subd. 3. Credit refundable. (a) If the amount of credit which a claimant is eligible to
2.2 receive under this section exceeds the claimant's tax liability under this chapter, the
2.3 commissioner shall refund the excess to the claimant.

2.4 (b) An amount sufficient to pay the refunds required by this section is appropriated to
2.5 the commissioner from the general fund.

2.6 Subd. 4. Advance payment of tax credits. (a) The commissioner of revenue must allow
2.7 taxpayers to elect to receive six periodic advance payments of the credit under this section.
2.8 The aggregate amount of advance payments made to a taxpayer during must equal the
2.9 amount of the credit for which taxpayer was eligible. The commissioner must not distribute
2.10 advance payments to a taxpayer who does not elect to receive advance payments. The
2.11 process for applying for and distributing payments must include:

2.12 (1) a process for a taxpayer to elect to receive and cease receiving advance payments;

2.13 (2) a process for distributing advance payments to taxpayers through direct deposit,
2.14 United States mail, or any other method deemed appropriate by the commissioner; and

2.15 (3) a process for informing taxpayers of the amount of advance payments received in
2.16 the calendar year.

2.17 (b) The amount of a taxpayer's credit under this section for the taxable year is reduced
2.18 by the amount of advance payments under this section.

2.19 (c) If a taxpayer's advance payments exceeded the credit the taxpayer was eligible to
2.20 receive for the taxable year, the taxpayer's liability for tax is increased by the difference
2.21 between the amount of advance payments received and the credit amount.

2.22 EFFECTIVE DATE. This section is effective retroactively for taxable years beginning
2.23 after December 31, 2022, and before January 1, 2024.