

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

S.F. No. 2493

(SENATE AUTHORS: NELSON, Westlin, Morrison and Housley)

DATE
03/02/2023

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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 refundable child credit;
1.3 proposing coding for new law in Minnesota Statutes, chapter 290.

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

1.5 Section 1. 290.0124 MINNESOTA CHILD CREDIT.

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

1.8 (1) "older child" means a qualifying child of the taxpayer who has attained the age of
1.9 four, but has not attained the age of 18 as of the close of the calendar year in which the
1.10 taxable year of the taxpayer begins;

1.11 (2) "qualifying child" has the meaning given in section 152(c) of the Internal Revenue
1.12 Code; and

1.13 (3) "young child" means:

1.14 (i) a qualifying child of the taxpayer who has not attained the age of four as of the close
1.15 of the calendar year in which the taxable year of the taxpayer begins; or

1.16 (ii) an unborn child with a gestational age of at least 28 weeks as of December 31 of the
1.17 previous taxable year, but who otherwise meets the requirements to be considered a qualifying
1.18 child.

1.19 Subd. 2. Credit allowed. (a) An individual income taxpayer is allowed a credit against
1.20 the tax imposed under this chapter equal to the sum of:

1.21 (1) \$1,800 for each young child of the taxpayer; and

2.1 (2) \$1,200 for each older child of the taxpayer.

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

2.3 (1) \$125,000 for a married taxpayer filing a joint return;

2.4 (2) \$100,000 for a head of household taxpayer; and

2.5 (3) \$62,500 for all other taxpayers.

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

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

2.11 Subd. 4. **Advance payment of tax credits.** (a) By January 1, 2024, the commissioner
2.12 of revenue must allow taxpayers to elect to receive six periodic advance payments of the
2.13 credit under this section. The aggregate amount of advance payments made to a taxpayer
2.14 during a calendar year must equal the amount of the credit for which the taxpayer would
2.15 be eligible in the taxable year ending in the calendar year based on the age of the child,
2.16 disregarding any reduction in the credit based on the taxpayer's adjusted gross income. The
2.17 commissioner must not distribute advance payments to a taxpayer who does not elect to
2.18 receive advance payments. The process for applying for and distributing payments must
2.19 include:

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

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

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

2.25 (b) The amount of a taxpayer's credit under this section for a taxable year is reduced by
2.26 the amount of advance payments under this section for the calendar year in which the taxable
2.27 year began.

2.28 (c) If a taxpayer's advance payments for the calendar year in which the taxable year
2.29 began exceeded the credit the taxpayer was eligible to receive for the taxable year, the
2.30 taxpayer's liability for tax is increased by the difference between the amount of advance
2.31 payments received and the credit amount.

- 3.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
- 3.2 31, 2022.