

March 21th, 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,

o2b Kids
 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
 Phyllis Wheatley Community Center
 Prepare + Prosper
 PRISM
 Saint Paul Promise
 The Arc Minnesota
 Think Small
 United Way of Central Minnesota
 Youthprise
 Voices for Racial Justice