

Subject Expanding the per-child amount for the Minnesota child credit

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Summary

H.F. 4621 increases the per-child amount of the Minnesota child credit from \$1,800 to \$2,000. The bill is effective for tax year 2026.

Background

The Minnesota child credit is a refundable income tax credit based on the number of the taxpayer's "qualifying children" ages 17 and younger. The credit is \$1,800 per child in tax year 2026.

The child credit is administered jointly with the state's working family credit, which is a credit based on the taxpayer's earned income. The working family credit equals four percent of the first \$9,690 of the taxpayer's earned income, for a maximum credit of \$388. Taxpayers are also allowed a separate credit for "qualifying older children," which is defined as an 18 year-old dependent child or a 19-24 year-old dependent who is a student or has a disability.

The combined amount of a taxpayer's child credit and working family credit is phased out beginning at \$38,770 of adjusted gross income for married joint filers and \$32,680 for other filers. For a taxpayer with two children, the credit is fully phased out at \$72,000 for married joint taxpayers and \$65,910 for unmarried taxpayers.

Background on eligibility

Minnesota's credits are subject to the same eligibility requirements as the federal earned income tax credit (EITC), with two exceptions: first, taxpayers do not need a Social Security number to claim the credit; and second, childless taxpayers ages 19 to 24 are also eligible for the state working family credit. Taxpayers are ineligible if they: (1) have significant investment income (\$12,200 in tax year 2026); (2) were married and filed a separate return; or (3) were claimed as a dependent on another return. Unless taxpayers have five or more children, those with incomes above \$100,000 earn too much to qualify.

Qualifying children

Minnesota uses the definition of "qualifying child" used by the federal EITC, except a qualifying child does not need a Social Security number to qualify. A child is eligible if the child: (1) is related to the taxpayer as a child, descendent of a child, sibling, stepsibling, or a descendant of a sibling or stepsibling; (2) has the same principal place of abode as the taxpayer; and (3) is 0 to

18 years old, is a student aged 19 to 23, or is permanently and totally disabled; and (4) does not file a joint tax return.



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