

**Subject** Working Family Credit

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## Overview

H.F. 1825 expands the Minnesota Working Family Credit (WFC). The main changes to the credit are as follows:

- For **taxpayers without children**, the maximum credit and phaseout thresholds are increased.
- For **taxpayers with 1 or 2 children**, the credit rate is increased but the amount of income eligible for the credit is reduced. This holds the maximum credit constant but taxpayers will reach the maximum credit with less earned income.
- For taxpayers with **3 or more children**, the credit rate, maximum credit, and phaseout thresholds are increased.
- For **taxpayers with 1 or 3 children**, the phaseout rate is reduced.

The tables below show the credit parameters under current law and the proposed bill.

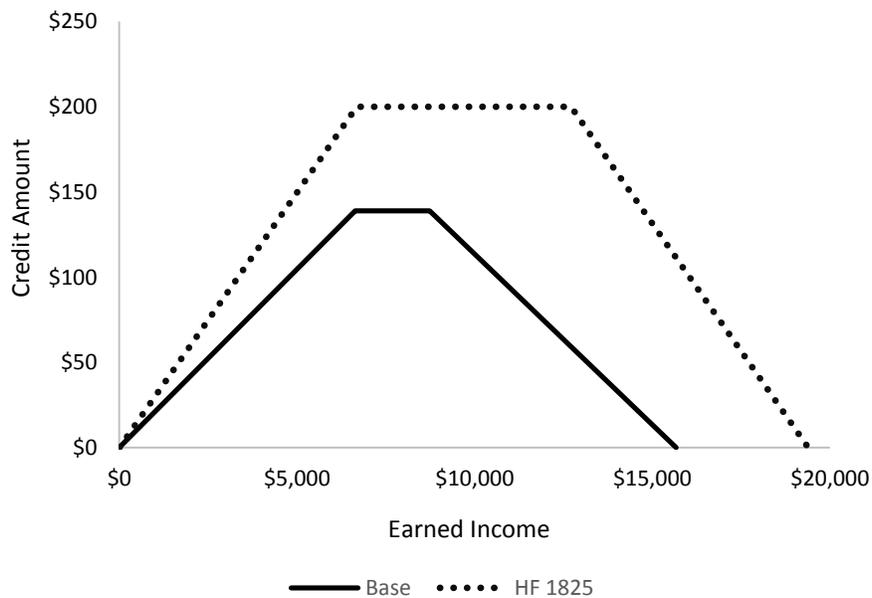
### TY 2019 Credit Parameters for Taxpayers with 0 or 1 Qualifying Child

	0 Children		1 Child	
	Base	H.F. 1825	Base	H.F. 1825
Credit Rate	2.1%	3%	9.35%	12.71%
Maximum Earned Income Eligible for Credit	\$6,640	\$6,680	\$11,950	\$8,790
Maximum Credit	\$139	\$200	\$1,117	\$1,117
Phaseout Threshold	\$8,730	\$12,710	\$22,770	\$22,710
Phaseout Rate	2.01%	3.0%	6.02%	5.2%
Income at which credit is fully phased out	\$15,667	\$19,390	\$41,330	\$44,195

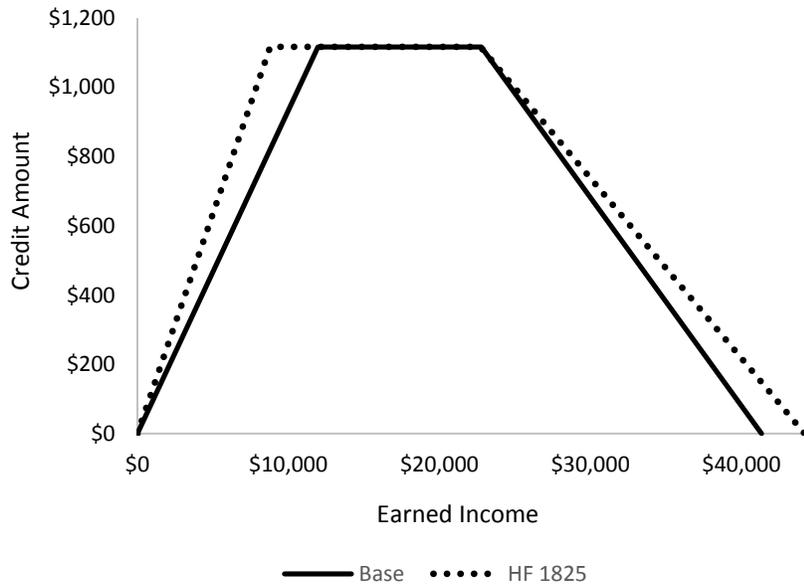
**TY 2019 Credit Parameters for Taxpayers with 2 or More Qualifying Children**

	2 Children		3+ Children	
	Base	H.F. 1825	Base	H.F. 1825
Credit Rate	11%	14.94%	11%	15.78%
Maximum Earned Income Eligible for Credit	\$19,600	\$14,430	\$19,600	\$14,870
Maximum Credit	\$2,156	\$2,156	\$2,156	\$2,346
Phaseout Threshold	\$27,000	\$29,500	\$27,000	\$29,500
Phaseout Rate	10.82%	10.82%	10.82%	9.07%
Income at which credit is fully phased out	\$46,926	\$49,425	\$46,926	\$55,371

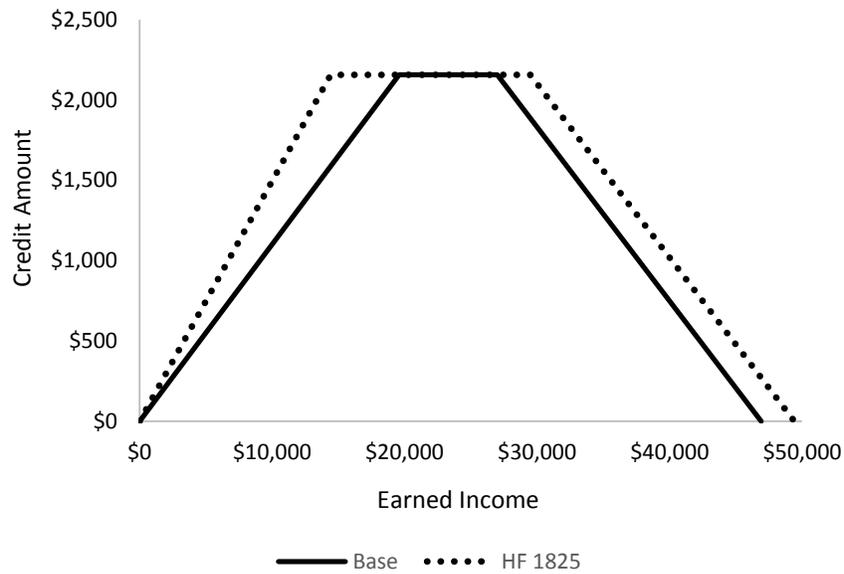
**Credit Amounts by Earned Income; Taxpayers without Qualifying Children**



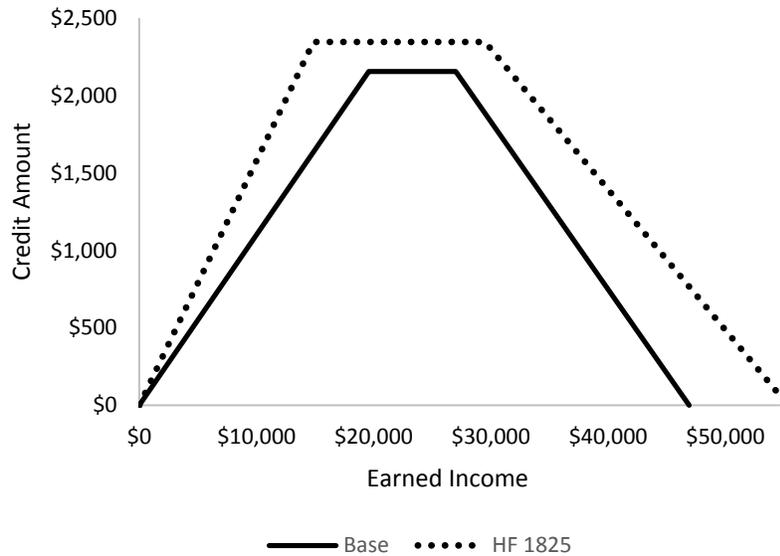
### Credit Amounts by Earned Income; Taxpayers with 1 Qualifying Child



### Credit Amounts by Earned Income; Taxpayers with 2 Qualifying Children



### Credit Amounts by Earned Income; Taxpayers with 3+ Qualifying Children



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