

Subject Working family credit expansion

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Summary

The bill expands the Minnesota working family credit, as explained in the charts below. As compared with current law, the bill generally increases the credit rate and amount of income eligible for the credit, increases the phaseout threshold, and phases the credit out at a faster rate. The parameters vary depending on the number of qualifying children of the taxpayer, and whether the taxpayer is married.

For the purposes of the credit, “qualifying child” means a child who had the same principal abode as the taxpayer for more than half the taxable year, who is 18 or younger (or a student 23 or younger), who did not provide more than half their own financial support, and who did not file a joint return. A qualifying child also includes descendants of the taxpayer’s children or siblings of those descendants.

Working Family Credit Parameters, Tax Year 2023 Taxpayers without qualifying children

	TY 23 Base	H.F. 721
Credit Rate	3.9%	9.0%
Earned Income Eligible for Credit	\$8,100	\$7,000
Maximum Credit	\$316	\$630
Fully Phased Out (Unmarried)	\$25,695	\$35,000
Fully Phased Out (Married)	\$32,315	\$43,000
Phaseout Begins (Unmarried)	\$9,900	\$17,000
Phaseout Begins (Married)	\$16,520	\$25,000
Phaseout Rate	2.0%	3.5%

**Working Family Credit Parameters, Tax Year 2023
Taxpayers with 1 qualifying child**

	TY 23 Base	H.F. 721
Credit Rate	9.35%	12.5%
Earned Income Eligible for Credit	\$13,550	\$12,500
Maximum Credit	\$1,267	\$1,563
Fully Phased Out (Unmarried)	\$46,925	\$47,362
Fully Phased Out (Married)	\$53,545	\$55,362
Phaseout Begins (Unmarried)	\$25,810	\$25,810
Phaseout Begins (Married)	\$32,430	\$33,810
Phaseout Rate	6.0%	7.25%

**Working Family Credit Parameters, Tax Year 2023
Taxpayers with 2 qualifying children**

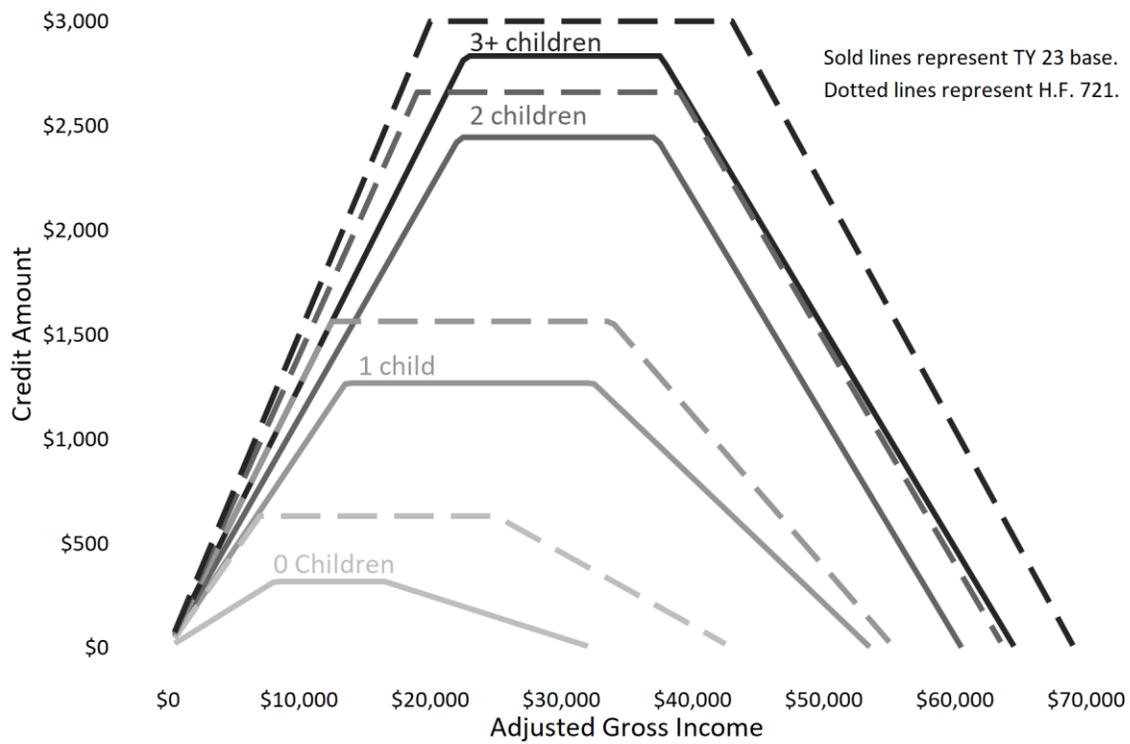
	TY 23 Base	H.F. 721
Credit Rate	11.0%	14.0%
Earned Income Eligible for Credit	\$22,220	\$19,000
Maximum Credit	\$2,444	\$2,660
Fully Phased Out (Unmarried)	\$53,888	\$55,744
Fully Phased Out (Married)	\$60,508	\$63,744
Phaseout Begins (Unmarried)	\$30,610	\$31,000
Phaseout Begins (Married)	\$37,230	\$39,000
Phaseout Rate	10.5%	10.75%

**Working Family Credit Parameters, Tax Year 2023
Taxpayers with 3 or more qualifying children**

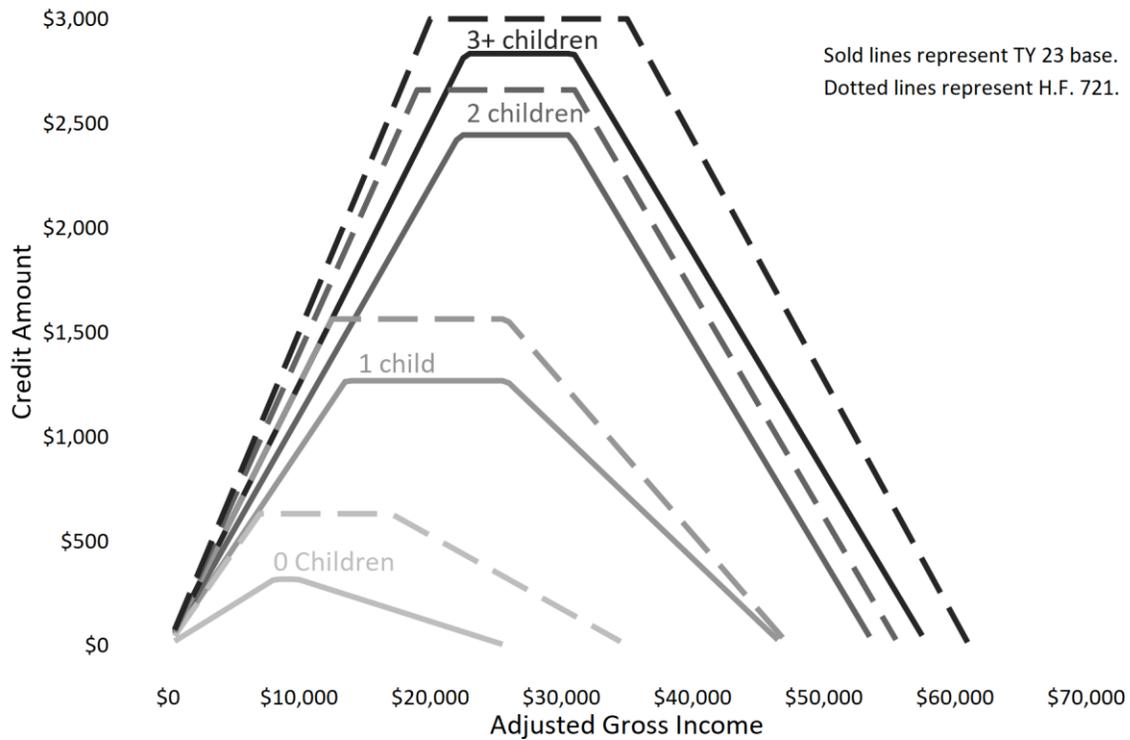
	TY 23 Base	H.F. 721
Credit Rate	12.5%	15.0%
Earned Income Eligible for Credit	\$22,670	\$20,000
Maximum Credit	\$2,834	\$3,000
Fully Phased Out (Unmarried)	\$57,938	\$61,087

Fully Phased Out (Married)	\$64,558	\$69,097
Phaseout Begins (Unmarried)	\$30,950	\$35,000
Phaseout Begins (Married)	\$37,570	\$43,000
Phaseout Rate	10.5%	11.5%

Working Family Credit Amounts by Number of Qualifying Children
Married taxpayers, tax year 2023 base vs. H.F. 721



Working Family Credit Amounts by Number of Qualifying Children Unmarried taxpayers, tax year 2023 base vs. H.F. 721



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