

**Subject** Advance payment system established for the Minnesota education credit

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## Overview

H.F. 4040 establishes a process for taxpayers to elect to receive an advance payment of the Minnesota education credit from the Department of Revenue (DOR). The bill also requires DOR to submit a report to the legislature on the possibility of distributing advance payments using an electronic benefits transfer card.

## Summary

Section	Description
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1	<b>Advance payments.</b>
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Allows some taxpayers to elect to receive an advance payment of the education credit. The advance payment would equal half the amount of the credit the taxpayer received in the previous taxable year. If the taxpayer did not claim the credit in the previous year, the advance payment is \$750 per qualifying child.

To qualify for the advance payment program, a taxpayer's adjusted gross income must be less than the starting point for the phaseout of the Minnesota child credit.

A taxpayer must apply to DOR by September 1, and DOR must make advance payments between July 1 and September 15.

The advance payment would reduce the amount of credit the taxpayer receives upon filing a return. If a taxpayer's advance payment exceeds the amount of credit they are eligible for, the taxpayer must repay the difference upon filing a return.

Effective beginning with advance payments in 2027.

Section	Description
2	<p data-bbox="316 262 1430 294"><b>Report on education credit payments using an electronic benefits card.</b></p> <p data-bbox="316 304 1430 420">Requires DOR to submit a report to the tax committees of the house and senate on the feasibility of making advance payments using an electronic benefits transfer card. The report would be due on January 15, 2027.</p>



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