

Subject Taxpayer assistance and tax credit outreach grants

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Summary

Under current law, the Department of Revenue (DOR) administers two grant programs designed to help low-income taxpayers prepare their returns, and to promote the availability of tax credits for low-income taxpayers: taxpayer assistance grants and tax credit outreach grants.

H.F. 1932 appropriates \$1,000,000 in fiscal year 2026 and 2027 for both of these programs (for a total appropriation of \$2,000,000 per fiscal year).

Taxpayer assistance grants:

Taxpayer assistance grants are awarded to taxpayer assistance organizations to “coordinate, facilitate, encourage, and aid in the provision of taxpayer assistance services.” Taxpayer assistance services are limited to “accounting and tax preparation services provided by volunteers to low-income, elderly, and disadvantaged Minnesota residents.” To participate, an organization must be an eligible organization under the federal rules for the federal Volunteer Income Tax Assistance (VITA) program. The base for fiscal year 2026 and fiscal year 2027 for taxpayer assistance grants is \$1,250,000 each year.

Tax credit outreach grants:

Tax credit outreach grants can be used to provide taxpayer assistance services (like taxpayer assistance grants), but they can also be used to “publicize and promote the availability” of tax preferences targeting low-income taxpayers, including the education credit, renter's credit, child credit, working family credit, and homestead credit state refund. The base for fiscal year 2026 and fiscal year 2027 for tax credit outreach grants is \$1,500,000 each year.