

March 19, 2025

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H. F. 2254 (Hanson, J.) / S.F. 2548 (Oumou Verbeten)

	Fund Impact			
	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>	<u>F.Y. 2028</u>	<u>F.Y. 2029</u>
	(000's)			
General Fund	(\$9,700)	(\$9,600)	(\$9,500)	(\$9,400)

Effective beginning with tax year 2025.

EXPLANATION OF THE BILL

Current Law: Eligible taxpayers may claim a child tax credit of \$1,750 for each qualifying child. The amount will be indexed for inflation beginning in tax year 2026. The credit is phased out jointly with the working family credit.

Proposed Law: The bill allows an additional \$400 for each qualifying child that was born during the taxable year. This amount is not indexed by inflation.

REVENUE ANALYSIS DETAIL

- The estimate is based on information on dependents reported on Schedule MIDQC for income tax returns in tax year 2023.
- About 24,600 newborn children would benefit from the proposal in 2023.
- Growth is based on the growth rate of newborn children for the period 2024-2029 projected by Minnesota State Demographic Center.

Number of Taxpayers: About 24,000 returns would benefit from the bill in tax year 2023.

Minnesota Department of Revenue
Tax Research Division
<https://www.revenue.state.mn.us/revenue-analyses>