

Subject Child credit “baby bonus” established

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Summary

Current law allows taxpayers to claim a Minnesota child credit equal to \$1,750 per child ages 0-17. The credit is phased out at \$37,910 of adjusted gross income or earned income for married couples filing joint returns (\$31,950 for other filers). Taxpayers who receive an advance payment of the child credit are eligible for a “minimum credit” equal to half of the credit they received in the previous year.

H.F. 2254 establishes a “baby bonus” that increases the credit by \$400 for each child of the taxpayer that was born during the taxable year. The bill specifies that the baby bonus must be disregarded when calculating the minimum credit. It also requires the commissioner of revenue to establish a process through which taxpayers may receive an advance payment of the minimum credit.