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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 3299

05/06/2025 Authored by Engen
The bill was read for the first time and referred to the Committee on Taxes

A bill for an act

relating to taxation; individual income; establishing a refundable tax credit for family members who provide child care; proposing coding for new law in Minnesota Statutes, chapter 290.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **[290.0696] CREDIT FOR FAMILY CHILD CAREGIVERS.**

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given.

(b) "Qualifying caregiver" means an individual who meets the requirements of subdivision 3.

(c) "Qualifying relative" means an individual who, by blood or marriage, bears any of the following relationships to a qualifying child:

(1) grandparent, or ancestor of a grandparent;

(2) sibling;

(3) uncle or aunt; or

(4) cousin.

(d) "Qualifying child" means a child who has not attained the age of six as of the close of the calendar year in which the taxable year began.

Subd. 2. **Credit allowed.** (a) An individual taxpayer who is a qualifying caregiver is allowed a $2,000 credit against the tax imposed under this chapter. A married taxpayer filing a joint return is eligible for the credit if one spouse is a qualifying caregiver.

(b) The credit under paragraph (a) is reduced by ten percent of adjusted gross income in excess of the phaseout threshold. The phaseout threshold is $100,000 for a married taxpayer filing a joint return and $50,000 for all other taxpayers.

(c) For a nonresident or part-year resident, the credit determined under this section must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

Subd. 3. **Caregiving requirements.** (a) To qualify for the credit in this section, an individual must:

(1) provide at least 416 hours of child care to at least one qualifying child during the taxable year, provided that the care is required to enable the child's parent or guardian to be gainfully employed;

(2) not receive compensation for providing child care to the qualifying child;

(3) be a qualifying relative of the qualifying child for which the individual provided child care;

(4) not have the same principal place of abode as the qualifying child for which the individual provided child care; and

(5) be excluded from licensure under section 142B.05, subdivision 2.

(b) To claim the credit under this section, an individual must keep records of the days and times the individual provided child care to a qualifying child.

Subd. 4. **Credit refundable; appropriation.** If the amount of credit which the claimant is eligible to receive under this section exceeds the claimant's tax liability under this chapter, the commissioner shall refund the excess to the claimant. The amount necessary to pay the refunds required by this section is appropriated to the commissioner from the general fund.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.