State of Minnesota

# HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

**H. F. No. 4040**

03/05/2026 Authored by Bakeberg
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; providing for advance payments of the K-12 education credit; requiring a report; amending Minnesota Statutes 2024, section 290.0674, by adding a subdivision.

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

Section 1. Minnesota Statutes 2024, section 290.0674, is amended by adding a subdivision to read:

Subd. 7. **Advance payments.** (a) A taxpayer may elect to receive an advance payment of the education credit under this section. The amount of the advance payment equals half the amount of the credit the taxpayer received under this section in the taxable year ending in the previous calendar year.

(b) A taxpayer with a qualifying child who did not receive a tax credit in the taxable year ending in the previous calendar year may elect to receive an advance payment of up to $750 for each child of the taxpayer that will be a qualifying child in the taxable year, but the taxpayer must certify to the commissioner that the taxpayer is aware that the advance payment may increase the taxpayer's liability for tax if the taxpayer has insufficient education-related expenses in the taxable year.

(c) To be eligible for an advance payment under this subdivision, a taxpayer's adjusted gross income must have been less than the applicable phaseout threshold for the child credit under section 290.0661, subdivision 4, in the taxable year ending in the previous calendar year.

(d) To receive an advance payment under this section, a taxpayer must apply to the commissioner in the manner specified by the commissioner no later than September 1. The commissioner must not make an advance payment to an eligible taxpayer prior to July or after September 15.

(e) The amount of a taxpayer's credit under this section for the taxable year is reduced by the amount of advance payments received by the taxpayer in the calendar year during which the taxable year began. If a taxpayer's advance payments exceeded the credit the taxpayer was eligible to receive for the taxable year, the taxpayer's liability for tax is increased by the difference between the amount of advance payments received and the credit amount.

**EFFECTIVE DATE.** This section is effective for advance payments after December 31, 2026.

Sec. 2. **REPORT ON EDUCATION CREDIT PAYMENTS USING AN ELECTRONIC BENEFITS CARD.**

(a) No later than January 15, 2027, the commissioner of revenue must submit a report to the legislative committees with jurisdiction over taxation on the feasibility of making advance payments under Minnesota Statutes, section 290.0674, subdivision 7, using an electronic benefits transfer card.

(b) The report must comply with Minnesota Statutes, sections 3.195 and 3.197, and:

(1) evaluate the feasibility of establishing an electronic benefits transfer card for education expenses;

(2) estimate the possible cost of establishing an electronic benefits transfer card and a payment processing network; and

(3) describe the advantages and disadvantages of delivering advance payments of the education credit using an electronic benefits transfer card.