

290.0671 MINNESOTA WORKING FAMILY CREDIT.

Subdivision 1. **Credit allowed.** (a) An individual who is a resident of Minnesota is allowed a credit against the tax imposed by this chapter equal to a percentage of earned income. To receive a credit, a taxpayer must be eligible for a credit under section 32 of the Internal Revenue Code, except that:

(1) a taxpayer with no qualifying children who has attained the age of 21, but not attained age 65 before the close of the taxable year and is otherwise eligible for a credit under section 32 of the Internal Revenue Code may also receive a credit; and

(2) a taxpayer who is otherwise eligible for a credit under section 32 of the Internal Revenue Code remains eligible for the credit even if the taxpayer's earned income or adjusted gross income exceeds the income limitation under section 32 of the Internal Revenue Code.

(b) For individuals with no qualifying children, the credit equals 3.9 percent of the first \$7,150 of earned income. The credit is reduced by 2.0 percent of earned income or adjusted gross income, whichever is greater, in excess of the phaseout threshold, but in no case is the credit less than zero.

(c) For individuals with one qualifying child, the credit equals 9.35 percent of the first \$11,950 of earned income. The credit is reduced by 6.0 percent of earned income or adjusted gross income, whichever is greater, in excess of the phaseout threshold, but in no case is the credit less than zero.

(d) For individuals with two qualifying children, the credit equals 11 percent of the first \$19,600 of earned income. The credit is reduced by 10.5 percent of earned income or adjusted gross income, whichever is greater, in excess of the phaseout threshold, but in no case is the credit less than zero.

(e) For individuals with three or more qualifying children, the credit equals 12.5 percent of the first \$20,000 of earned income. The credit is reduced by 10.5 percent of earned income or adjusted gross income, whichever is greater, in excess of the phaseout threshold, but in no case is the credit less than zero.

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

(g) For a person who was a resident for the entire tax year and has earned income not subject to tax under this chapter, including income excluded under section 290.0132, subdivision 10, the credit must be allocated based on the ratio of federal adjusted gross income reduced by the earned income not subject to tax under this chapter over federal adjusted gross income. For purposes of this paragraph, the following clauses are not considered "earned income not subject to tax under this chapter":

(1) the subtractions for military pay under section 290.0132, subdivisions 11 and 12;

(2) the exclusion of combat pay under section 112 of the Internal Revenue Code; and

(3) income derived from an Indian reservation by an enrolled member of the reservation while living on the reservation.

(h) For the purposes of this section, the phaseout threshold equals:

(1) \$14,570 for married taxpayers filing joint returns with no qualifying children;

(2) \$8,730 for all other taxpayers with no qualifying children;

(3) \$28,610 for married taxpayers filing joint returns with one qualifying child;

- (4) \$22,770 for all other taxpayers with one qualifying child;
- (5) \$32,840 for married taxpayers filing joint returns with two qualifying children;
- (6) \$27,000 for all other taxpayers with two qualifying children;
- (7) \$33,140 for married taxpayers filing joint returns with three or more qualifying children; and
- (8) \$27,300 for all other taxpayers with three or more qualifying children.

(i) The commissioner shall construct tables showing the amount of the credit at various income levels and make them available to taxpayers. The tables shall follow the schedule contained in this subdivision, except that the commissioner may graduate the transition between income brackets.

Subd. 1a. **Definitions.** For purposes of this section, the terms "qualifying child," and "earned income," have the meanings given in section 32(c) of the Internal Revenue Code, and the term "adjusted gross income" has the meaning given in section 62 of the Internal Revenue Code.

"Earned income of the lesser-earning spouse" has the meaning given in section 290.0675, subdivision 1, paragraph (d).

Subd. 2. **Credit name.** The credit allowed by this section shall be known as the "Minnesota working family credit."

Subd. 3. [Repealed, 2003 c 127 art 3 s 24]

Subd. 4. **Credit refundable.** 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.

Subd. 5. **Calculation assistance.** Upon request of the individual and submission of the necessary information, in the form prescribed by the commissioner, the Department of Revenue shall calculate the credit on behalf of the individual.

Subd. 6. **Appropriation.** An amount sufficient to pay the refunds required by this section is appropriated to the commissioner from the general fund.

Subd. 6a. MS 2018 [Repealed, 1Sp2019 c 6 art 2 s 27]

Subd. 7. **Inflation adjustment.** The commissioner shall annually adjust the earned income amounts used to calculate the credit and the phase-out thresholds in subdivision 1 as provided in section 270C.22. The statutory year is taxable year 2019.

History: 1991 c 291 art 6 s 27; 1992 c 511 art 6 s 19; art 7 s 14; 1993 c 375 art 8 s 9,14; 1994 c 587 art 1 s 24; 1Sp1997 c 4 art 13 s 2; 1998 c 389 art 6 s 7-9; 1999 c 243 art 2 s 12; 2000 c 490 art 4 s 17-19; 1Sp2001 c 5 art 7 s 38,39; art 10 s 7,8; 2003 c 127 art 3 s 11; 1Sp2003 c 21 art 1 s 8; 2005 c 151 art 6 s 16; 1Sp2005 c 3 art 3 s 9; art 4 s 13; art 10 s 7; 2008 c 154 art 11 s 15; 2009 c 88 art 7 s 8; 2010 c 389 art 3 s 14; 1Sp2011 c 7 art 2 s 6; 2012 c 294 art 2 s 13; 2014 c 150 art 1 s 18,19; 1Sp2015 c 3 art 11 s 1,2; 2016 c 158 art 3 s 15; 2017 c 1 s 6; 1Sp2017 c 1 art 1 s 20; 1Sp2019 c 6 art 1 s 39; art 2 s 17,18