

MINNESOTA • REVENUE

INDIVIDUAL INCOME TAX Working Family Credit

March 14, 2014

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 1841 (Rest) / H.F. 2735 (Davnie)

	Fund Impact			
	<u>F.Y. 2014</u>	<u>F.Y. 2015</u>	<u>F.Y. 2016</u>	<u>F.Y. 2017</u>
General Fund	\$0	(\$18,000)	(\$18,100)	(\$18,300)

Effective beginning with tax year 2014.

EXPLANATION OF THE BILL

The bill would increase the working family credit phase-out threshold for married-joint filers. The increase is \$5,000 which is indexed annually for inflation from 2009 and is \$5,430 for tax year 2014. The increased threshold for married-joint returns would be the same as it is for the federal earned income credit under federal law enacted in the American Taxpayer Relief Act of 2012, Public Law 112-240.

REVENUE ANALYSIS DETAIL

- The House Income Tax Simulation Model was used to estimate the change to the working family credit. The estimates are consistent with the February 2014 state revenue forecast.
- Tax year impact was allocated to the following fiscal year.

Number of Taxpayers: For tax year 2014, about 53,000 returns would have an increased working family credit, including 16,000 newly-eligible claimants.

Source: Minnesota Department of Revenue
Tax Research Division
www.revenue.state.mn.us/research_stats/Pages/Revenue-Analyses.aspx