

April 8, 2025

	<b>Yes</b>	<b>No</b>
DOR Administrative Costs/Savings	X	

Department of Revenue  
Analysis of H.F. 779 (Kresha)

	<b>Fund Impact</b>			
	<b><u>F.Y. 2026</u></b>	<b><u>F.Y. 2027</u></b>	<b><u>F.Y. 2028</u></b>	<b><u>F.Y. 2029</u></b>
		(\$000s)		
General Fund	\$0	\$0	\$0	\$0

Effective for advance payments beginning in calendar year 2026.

**EXPLANATION OF THE BILL**

**Current Law:** Under current law, a taxpayer is allowed a credit against their individual income tax equal to 75% of the amount paid for education-related expenses for a qualifying child in grades K-12. The credit for tax year 2024 is claimed in April 2025, or fiscal year 2025.

**Proposed Law:** Under the bill, a taxpayer may elect to receive an advance payment of the K-12 Education Credit. The advance payment equals half of the K-12 credit the taxpayer received from the preceding taxable year. An individual who didn't receive a K-12 credit in the preceding taxable year may elect to receive an advance payment of up to \$750 for each qualifying child in the current taxable year. The taxpayer must certify to the commissioner that the advance payment may increase their tax liability if education-related expenses in the current taxable year are insufficient.

To be eligible for an advance payment, a taxpayer's AGI must be below the child credit phaseout threshold from the preceding taxable year. In tax year 2024, the phaseout thresholds are \$36,880 for married joint filers and \$31,090 for all other filers. Taxpayers must apply no later than September 1<sup>st</sup> of a calendar year. The commissioner cannot make a payment prior to July 1<sup>st</sup> or after September 15<sup>th</sup> of the calendar year of the application. The K-12 credit for the current taxable year is reduced by any advance payment received in the prior taxable year. If the advance payments exceed the K-12 credit amount for the current taxable year, the taxpayer's liability is increased by the difference.

The bill also establishes a report to the tax committees on the feasibility of K-12 credit advance payments with an electronic benefit transfer (EBT) card.

**REVENUE ANALYSIS DETAIL**

- The bill would have no impact on tax liability. Since the advance credits cannot be paid before July 1, they would be paid in the same fiscal year as the credits under current law.

Minnesota Department of Revenue  
Tax Research Division  
<https://www.revenue.state.mn.us/revenue-analyses>