

April 14, 2025

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S. F. 2102 (Drazkowski)

	Fund Impact			
	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>	<u>F.Y. 2028</u>	<u>F.Y. 2029</u>
		(000's)		
General Fund	\$20,500	\$20,800	\$21,400	\$22,100

Effective beginning with tax year 2025.

EXPLANATION OF THE BILL

Current Law: ITINs are issued by the Internal Revenue Service to individuals who are not eligible for a social security number but are required to file taxes. They are used exclusively for the purpose of filing taxes. Examples of individuals who require an ITIN include non-resident alien individuals who are required to file with their resident spouse or international students who have not received permission to work outside of their educational department. Under current law, a taxpayer with an Individual Taxpayer Identification Number (ITIN) may be eligible for the combined child tax credit and working family credits (CWFC) if they meet other eligibility requirements. Children with ITINs who otherwise meet the definition of a qualifying child under federal law are considered qualifying children.

Proposed Law: The bill would disallow the child and working family credits for taxpayers and children with an ITIN rather than a social security number.

REVENUE ANALYSIS DETAIL

- Based on individual income tax returns for tax year 2023, there were about 10,600 returns with either the taxpayer or the spouse of the taxpayer or both, a qualifying child, or an older qualifying child using ITIN, that claimed the CWFC. The total CWFC claimed by those returns was 20.3 million.
- The average credit was \$1,900.
- The estimate uses the same growth rate as the CWFC in the February 2025 forecast.
- Tax year impacts are allocated to the following fiscal year.

Number of Taxpayers: About 10,600 returns would no longer be able to claim child tax and working family credits in tax year 2025.

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