

April 14, 2025

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

Department of Revenue  
Analysis of S. F. 2103 (Drazkowski)

	<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>
		(000's)		
General Fund	\$644,600	\$663,300	\$683,100	\$703,700

Effective beginning with tax year 2025.

**EXPLANATION OF THE BILL**

**Current Law:** Under the current law, the child tax credit and working family credits are refundable. If the credits exceed the taxpayer’s liability, the excess is refunded to the taxpayer.

**Proposed Law:** The bill would make the credit nonrefundable.

**REVENUE ANALYSIS DETAIL**

- The House Income Tax Simulation (HITS 7.5) Model was used to estimate the tax year revenue impact. These simulations assume the same economic conditions used by Minnesota Management and Budget for the forecast published in February 2025. The model uses a stratified sample of tax year 2022 individual income tax returns compiled by the Minnesota Department of Revenue.
- Tax year impacts are allocated to the following fiscal year.

**Number of Taxpayers:** About 374,900 returns would have an average increase in tax of \$1,720 in tax year 2025.

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