

Action coordinated by: Children's Defense Fund-Minnesota, Legal Services Advocacy Project, Minnesota Budget Project, & Minnesota Catholic Conference

Dear Governor Walz and Lt. Governor Flanagan:

As organizations committed to families and children experiencing poverty or hardship, we are excited to learn your administration is strongly considering a Minnesota Child Tax Credit for inclusion in your 2023 budget proposal. We look forward to learning more about the contours of a Minnesota proposal.

We know states can build on the dramatic reduction in child poverty and material hardship that came with the temporary expansion in 2021 of the federal Child Tax Credit. Furthermore, we recently learned that, for example, a Minnesota Child Tax Credit of \$1,080 for children under age six and \$900 for older children **would reduce child poverty in Minnesota by 25%**. ([State Child Tax Credits and Child Poverty: A 50-State Analysis](#), Institute on Taxation and Economic Policy and Center on Poverty and Social Policy).

In an effort to reduce the short- and long-term harm of poverty and dismantle Minnesota's deep racial disparities in financial well-being, our organizations are aligned around a permanent, income-targeted, inclusive Minnesota Child Tax Credit with the following design principles:

- Fully refundable,
- No minimum earnings requirement to qualify for the full value of credit,
- Providing a set dollar amount of credit for each child, with a larger credit amount for younger children,
- Indexing the credit amount and income phase-out level annually to inflation to ensure that its effectiveness does not erode over time,
- Including families with members using ITINs,
- Working towards providing the credit in periodic installments.

The documented success of the expanded federal Child Tax Credit demonstrates the huge potential that state CTCs can have for reducing poverty and racial disparities, and improving family budgets and the lifetime prospects of the state's most important resource: our children.

We look forward to continuing conversations with your administration and policymakers to build support for what could truly be a transformational policy for Minnesota's children and families.