February 27, 2023

Members of the Minnesota Legislature:

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. 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 policymakers to build support for what could truly be a transformational policy for Minnesota's children and families.

Sincerely, Children's Defense Fund Minnesota Legal Services Advocacy Project Minnesota Budget Project Minnesota Catholic Conference **AFSCME Council 65** Barnesville Economic Development Authority **Big Brothers Big Sisters Twin Cities** Center for Economic Inclusion Children's HealthWatch Collective Healing Therapy & Consulting, LLC Corporation for Supportive Housing (CSH) Doctors for Early Childhood EdAllies First Children's Finance Germanic-American Institute

Homes for All Coalition Hunger Solutions Minnesota ISAIAH Jewish Family and Children's Service of Minneapolis Joyce Preschool Kids Closet of Duluth Legacy Family Center, MN Main Street Alliance Minneapolis Youth Coordinating Board Minnesota Academy of Nutrition and Dietetics Minnesota AFL-CIO Minnesota Asset Building Coalition

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This letter submitted by Minnesota Budget Project 2314 University Ave W Ste 20, St. Paul MN 55114 651.642.1904 Minnesota Association for Family and Early Education (MNAFEE) Minnesota Association for the Education of Young Children Minnesota Center for Book Arts Minnesota Child Care Association Minnesota Coalition for the Homeless Minnesota Community Action Partnership Minnesota Nurses Association Minnesota Prenatal to Three Coalition Minnesota Social Service Association New Horizon Academy Northside Achievement Zone People Serving People Phyllis Wheatley Community Center **Pillsbury United Communities** 

Prenatal to Three Coalition Prepare + Prosper PRISM Reach for Resources, Inc. Saint Paul Promise Neighborhood St. David's Center Start Early Funders Coalition TakeAction Minnesota Telling Queer History The Arc Minnesota The SEAD Project Tri-Valley Opportunity Council, Inc. Voices for Racial Justice West Central Initiative Youthprise YWCA Minneapolis