Overview

Provides a credit equal to 33% of child support payments made by low-income noncustodial parents. The maximum credit is $660. The credit is refundable and is subject to an income-based phaseout.

1 Child support tax credit.
   Subd. 1. Credit allowed. Allows a credit equal to 33% of child support payments, with a maximum credit of $660. The credit is phased out for claimants with income between $12,460 and $26,900. Claimants with unearned income of more than $2,350 may not claim the credit.
   Subd. 2. Definitions. References the Internal Revenue Code for definitions of "federal adjusted gross income" and "unearned income."
   Subd. 3. Reduction by alternative minimum tax liability. Requires claimants to reduce the child support credit by any alternative minimum tax liability.
   Subd. 4. Credit refundable. Provides for the credit to be refundable; that is, if the credit is greater than the claimant's liability, the excess is issued to the claimant as a check.
   Subd. 5. Appropriations. Provides an appropriation to pay the refundable credits.
   Subd. 6. Inflation adjustment. Provides for the income phaseout and the amount of unearned income that disqualifies a taxpayer from claiming the credit to be adjusted annually for inflation.

2 Child support guidelines. Provides that the child support credit is not considered income to the noncustodial parent for purposes of determining the child support award.

3 Effective date. Effective beginning in tax year 1999.