

Who receives the Working Family Credit? (TY 2022)

Minnesota's Working Family Tax Credit boosts the incomes of working people across the state so they are better able to meet their basic needs and get their kids off to a strong start; it also makes Minnesota's tax system more equitable. In 2022, more than 387,000 households received the Working Family Credit, including 14.6 percent of all Greater Minnesota households who filed Minnesota income taxes and 12.7 percent of all Twin Cities metro area income tax filers.¹

Minnesota's Working Family Credit is calculated based on a family's earnings from work and family size. Families with children qualify for larger credits on average, and workers without dependent children in the home qualify for less. The Working Family Credit offsets a portion of the state and local taxes, such as sales taxes, that low- and moderate-income people pay.

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The Working Family Credit especially reaches those Minnesotans who face structural barriers to economic security. Eligibility for the Working Family Credit is fairly similar to the federal Earned Income Tax Credit (EITC), for which some disaggregated data is available. In 2018, 35 percent of Minnesota households estimated to be eligible for the EITC were people of color; 15 percent were Black, non-Hispanic; 8 percent Hispanic or Latino; 6 percent Asian, Native Hawaiian, or Pacific

Working Family Credit Income Limits Tax Year 2022 ²				
Number of children	Single or head of household filers	Married joint filers		
None	\$24,100	\$30,200		
One	\$43,800	\$50,000		
Two	\$50,300	\$56,500		
Three or more	\$54,100	\$60,300		

Islander, non-Hispanic; and 6 percent another race or multi-racial (not white, non-Hispanic).³

When data on the Working Family Credit becomes available for tax year 2023 and beyond, there will be big changes. Minnesota's nation-leading Child Tax Credit (CTC) was implemented in 2023, along with substantial changes to the Working Family Credit. These income-boosting tax credits for low- and modest-income Minnesotans and their families aim to reduce child poverty and improve economic well-being.⁴

Thirty-one states including Minnesota, plus Washington, D.C. and Puerto Rico, have tax credits like the Working Family Credit that are based on the federal EITC. Fourteen states, including Minnesota, plus Washington, D.C., have a Child Tax Credit. These credits build on the federal EITC's and CTC's documented success in supporting work, reducing poverty, and improving the health and education of children. Children in households receiving the EITC and CTC are also more likely to attend college and earn more as adults.

The table below provides information about the importance of the Working Family Credit to each Minnesota county and the state as a whole in 2022.

Working Family Credits received by county of residence, Tax Year 20228

County	Total Working Family Credits received	Number of households receiving the Working Family Credit	Average credit	Percent of filing households receiving the Working Family Credit
Aitkin	\$702,255	1,137	\$618	15.2%

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Anoka	\$16,120,171	23,029	\$700	12.8%
Becker	\$1,621,727	2,373	\$683	15.1%
Beltrami	\$3,058,804	4,159	\$735	21.7%
Benton	\$2,251,199	3,202	\$703	16.2%
Big Stone	\$223,141	307	\$727	13.7%
Blue Earth	\$3,006,073	5,590	\$538	18.0%
Brown	\$1,091,949	1,621	\$674	12.8%
Carlton	\$1,446,971	2,387	\$606	14.6%
Carver	\$2,251,323	3,982	\$565	7.7%
Cass	\$1,891,366	2,593	\$729	18.1%
Chippewa	\$776,009	940	\$826	16.5%
Chisago	\$1,881,285	3,092	\$608	11.1%
Clay	\$3,239,568	4,379	\$740	16.1%
Clearwater		704	\$740 \$741	18.9%
	\$521,888		· · · · · · · · · · · · · · · · · · ·	
Cook	\$250,052	440	\$568	15.1%
Cottonwood	\$696,965	883	\$789	15.9%
Crow Wing	\$3,252,663	4,971	\$654	15.5%
Dakota	\$16,786,109	24,548	\$684	11.3%
Dodge	\$766,751	1,179	\$650	11.7%
Douglas	\$1,447,792	2,341	\$618	11.9%
Faribault	\$770,111	1,047	\$736	16.2%
Fillmore	\$828,354	1,204	\$688	12.3%
Freeborn	\$2,025,557	2,571	\$788	18.1%
Goodhue	\$1,638,144	2,531	\$647	10.8%
Grant	\$278,187	408	\$682	14.9%
Hennepin	\$53,343,673	77,879	\$685	12.8%
Houston	\$637,495	1,048	\$608	11.9%
Hubbard	\$1,250,465	1,680	\$744	17.0%
Isanti	\$1,802,643	2,794	\$645	13.6%
ltasca	\$2,316,016	3,405	\$680	16.7%
Jackson	\$428,010	635	\$674	13.2%
Kanabec	\$904,006	1,263	\$716	16.7%
Kandiyohi	\$2,728,574	3,551	\$768	16.9%
Kittson	\$156,046	227	\$687	12.5%
Koochiching	\$569,446	893	\$638	16.3%
Lac Qui Parle	\$292,964	427	\$686	14.0%
Lake	\$405,958	666	\$610	13.0%
Lake of Woods	\$223,625	297	\$753	15.8%
Le Sueur	\$1,026,260	1,616	\$635	11.2%
Lincoln	\$182,422	300	\$608	12.6%
Lyon	\$1,472,284	1,928	\$764	16.7%

County	Total Working Family Credits received	Number of households receiving the Working Family Credit	Average credit	Percent of filing households receiving the Working Family Credit
Mahnomen	\$517,605	599	\$864	29.4%
Marshall	\$374,102	553	\$676	13.6%
Martin	\$1,208,042	1,664	\$726	17.6%
McLeod	\$1,435,938	2,250	\$638	12.2%
Meeker	\$906,317	1,307	\$693	11.8%
Mille Lacs	\$1,396,998	1,984	\$704	16.2%
Morrison	\$1,616,826	2,452	\$659	15.3%
Mower	\$2,708,450	3,528	\$768	19.4%
Murray	\$344,509	448	\$769	11.5%
Nicollet	\$1,365,043	2,260	\$604	14.1%
Nobles	\$1,205,110	1,478	\$815	15.5%
Norman	· · · · · · · · · · · · · · · · · · ·	467	\$690	1
	\$322,454		\$684	16.5% 12.6%
Olmsted	\$6,821,189	9,978	· · · · · · · · · · · · · · · · · · ·	1
Otter Tail	\$2,810,573	4,005	\$702	14.2%
Pennington	\$650,868	1,010	\$644	15.6%
Pine	\$1,462,253	2,222	\$658	17.0%
Pipestone	\$429,197	602	\$713	14.6%
Polk	\$1,552,083	2,159	\$719	16.2%
Pope	\$442,739	660	\$671	11.8%
Ramsey	\$33,638,867	43,541	\$773	17.1%
Red Lake	\$176,473	238	\$741	13.8%
Redwood	\$784,901	1,100	\$714	15.0%
Renville	\$751,327	999	\$752	14.4%
Rice	\$3,069,982	4,066	\$755	13.7%
Rock	\$432,110	604	\$715	13.9%
Roseau	\$719,309	1,074	\$670	14.7%
Scott	\$5,377,342	7,758	\$693	10.5%
Sherburne	\$3,823,927	5,547	\$689	11.8%
Sibley	\$604,461	901	\$671	12.4%
St. Louis	\$7,908,601	13,858	\$571	15.3%
Stearns	\$9,320,443	12,492	\$746	16.7%
Steele	\$1,898,031	2,693	\$705	14.7%
Stevens	\$339,888	552	\$616	12.6%
Swift	\$530,450	700	\$758	16.1%
Todd	\$1,557,306	2,040	\$763	18.2%
Traverse	\$142,820	177	\$807	13.2%
Wabasha	\$807,837	1,249	\$647	11.5%
Wadena	\$918,462	1,179	\$779	19.0%
Waseca	\$915,910	1,342	\$682	15.0%
Washington	\$7,891,703	12,684	\$622	9.5%
Watonwan	\$651,961	852	\$765	17.8%

County	Total Working Family Credits received	Number of households receiving the Working Family Credit	Average credit	Percent of filing households receiving the Working Family Credit
Wilkin	\$300,161	413	\$727	14.3%
Winona	\$1,723,509	3,095	\$557	14.1%
Wright	\$4,366,609	7,055	\$619	10.1%
Yellow Medicine	\$417,202	621	\$672	13.6%
Undesignated/ Other	\$7,624,036	20,807	\$366	6.6%
TOTAL	\$260,828,225	387,490	\$673	12.8%

By Haleigh Sinclair

¹ Minnesota Department of Revenue, <u>Tax Year 2022 Minnesota Income Tax Statistics by County</u>. In this issue brief, we use the term "number of households" to refer to the number of income tax returns filed.

² Minnesota Department of Revenue, 2022 Schedule M1WFC, Minnesota Working Family Credit.

³ Center on Budget and Policy Priorities, <u>Program Participation Data Dashboard</u>, EITC – Estimated Race/Ethnicity, Education, and Language of Eligible Filers, data for 2018. We acknowledge that this data source does not include details about Native American communities or other disaggregated data that are important to fully illustrate the impact of this policy.

⁴ Minnesota Budget Project, <u>A Minnesota Child Tax Credit would unleash the power of the tax code to fight child</u> poverty, May 2023.

⁵ Center on Budget and Policy Priorities, <u>Interactive Map: States Should Continue Enacting and Expanding Child Tax Credits and Earned Income Tax Credits</u>, August 2024.

⁶ Center on Budget and Policy Priorities, <u>States Can Enact or Expand Child Tax Credits and Earned Income Tax Credits to Build Equitable, Inclusive Communities and Economies, March 2023.</u>

⁷ Center on Budget and Policy Priorities, <u>EITC and Child Tax Credit Promote Work, Reduce Poverty, and Support Children's Development</u>, Research Finds, October 2015.

⁸ Minnesota Department of Revenue.