



Who receives the Child and Dependent Care Tax Credit?

When families have safe, supportive, stable child care, children can thrive, parents can go to work or school to support their families, and employers can find and retain the workers they need. But child care can be one of the largest financial burdens that families with young children face. Minnesota’s Child and Dependent Care Tax Credit is one part of a spectrum of state investments to bring down the cost of child care, which also includes child care assistance, early learning scholarships, Head Start, and pre-K.¹

In 2020, more than 38,000 families received Minnesota’s Child and Dependent Care Tax Credit, which is 1.3 percent of all households who filed Minnesota income taxes.² Families received an average annual tax credit of \$501. Families claiming the Child and Dependent Care Credit lived across the state: 56 percent in Greater Minnesota and 42 percent in the seven-county Twin Cities metro area.

Minnesota’s Child and Dependent Care Credit is focused on low- and moderate-income families. For 2020, families with one child could qualify for the tax credit if their adjusted gross income was less than \$65,100, and families with two or more children could qualify with incomes up to \$77,100.³ By focusing on lower-income families, Minnesota responds to one of the drawbacks of the similar federal Child and Dependent Care Tax Credit. The federal tax credit is available to even the wealthiest families, but the lowest-income families may qualify for smaller tax credit amounts than higher-income families, or no credit at all.⁴

The amount of Minnesota Child and Dependent Care Credit a family can claim is based on their income, number of qualifying children, and amount they paid for child care in order for parents to work (up to \$3,000 in child care expenses for one child and up to \$6,000 in expenses for two or more children).

A disadvantage of child care tax credits is their timing. Child care assistance, early learning scholarships, and similar policies reduce the size of the child care bill that families see on a monthly basis. With tax credits, families must find the resources to pay the child care bill each month, and then receive the tax credit in one lump sum when they file their income taxes the next year.

The table below provides information about the impact of the Child and Dependent Care Credit in each Minnesota county and for the state as a whole.

Minnesota Child and Dependent Care Credits received by county of residence, Tax Year 2020

County	Total Child and Dependent Care Credits received	Number of families receiving the Child and Dependent Care Credit	Average credit	Percent of filing households receiving the Child and Dependent Care Credit
Aitkin	\$45,555	86	\$530	1.2%
Anoka	\$1,197,151	2,390	\$501	1.3%
Becker	\$96,355	196	\$492	1.3%
Beltrami	\$170,465	339	\$503	1.7%
Benton	\$227,081	454	\$500	2.3%

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Big Stone	\$25,450	49	\$519	2.1%
Blue Earth	\$370,351	655	\$565	2.1%
Brown	\$151,844	304	\$499	2.4%
Carlton	\$104,897	249	\$421	1.5%
Carver	\$242,507	460	\$527	0.9%
Cass	\$90,371	183	\$494	1.3%
Chippewa	\$42,569	92	\$463	1.6%
Chisago	\$201,052	384	\$524	1.4%
Clay	\$289,943	513	\$565	1.9%
Clearwater	\$45,608	81	\$563	2.2%
Cook	\$12,347	25	\$494	0.9%
Cottonwood	\$61,048	115	\$531	2.1%
Crow Wing	\$313,176	612	\$512	1.9%
Dakota	\$1,222,965	2,398	\$510	1.1%
Dodge	\$132,095	244	\$541	2.4%
Douglas	\$171,092	365	\$469	1.9%
Faribault	\$68,509	128	\$535	1.9%
Fillmore	\$134,847	252	\$535	2.6%
Freeborn	\$153,246	269	\$570	1.9%
Goodhue	\$216,655	413	\$525	1.8%
Grant	\$23,111	48	\$481	1.8%
Hennepin	\$2,519,474	5,192	\$485	0.8%
Houston	\$91,000	171	\$532	1.9%
Hubbard	\$77,716	140	\$555	1.5%
Isanti	\$214,322	391	\$548	2.0%
Itasca	\$113,427	229	\$495	1.1%
Jackson	\$57,212	111	\$515	2.3%
Kanabec	\$58,375	108	\$541	1.4%
Kandiyohi	\$207,229	377	\$550	1.8%
Kittson	\$12,165	22	\$553	1.2%
Koochiching	\$27,594	57	\$484	1.0%
Lac Qui Parle	\$33,575	66	\$509	2.1%
Lake	\$18,818	42	\$448	0.8%
Lake of the Woods	\$19,254	30	\$642	1.6%

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Le Sueur	\$119,216	212	\$562	1.5%
Lincoln	\$23,342	48	\$486	2.0%
Lyon	\$119,368	237	\$504	2.0%
Mahnomen	\$13,586	24	\$566	1.1%
Marshall	\$47,943	91	\$527	2.2%
Martin	\$119,376	205	\$582	2.1%
McLeod	\$186,367	322	\$579	1.7%
Meeker	\$127,046	228	\$557	2.1%
Mille Lacs	\$131,681	264	\$499	2.2%
Morrison	\$182,498	335	\$545	2.1%
Mower	\$215,049	430	\$500	2.3%
Murray	\$41,229	78	\$529	2.0%
Nicollet	\$165,722	330	\$502	2.1%
Nobles	\$89,986	170	\$529	1.8%
Norman	\$29,498	50	\$590	1.8%
Olmsted	\$546,707	1,078	\$507	1.4%
Otter Tail	\$264,011	523	\$505	1.8%
Pennington	\$83,645	155	\$540	2.4%
Pine	\$102,728	207	\$496	1.6%
Pipestone	\$53,063	102	\$520	2.4%
Polk	\$117,686	231	\$509	1.7%
Pope	\$62,751	117	\$536	2.1%
Ramsey	\$1,403,280	2,842	\$494	1.1%
Red Lake	\$21,004	39	\$539	2.2%
Redwood	\$79,811	165	\$484	2.2%
Renville	\$76,396	148	\$516	2.1%
Rice	\$240,819	449	\$536	1.5%
Rock	\$52,419	90	\$582	2.1%
Roseau	\$78,852	144	\$548	2.0%
Scott	\$403,846	797	\$507	1.1%
Sherburne	\$389,787	718	\$543	1.6%
Sibley	\$80,931	143	\$566	2.0%
St. Louis	\$544,467	1,118	\$487	1.2%
Stearns	\$646,480	1,293	\$500	1.7%
Steele	\$217,345	397	\$547	2.2%

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Stevens	\$32,403	64	\$506	1.5%
Swift	\$57,667	99	\$582	2.2%
Todd	\$113,799	214	\$532	1.9%
Traverse	\$11,701	24	\$488	1.7%
Wabasha	\$109,680	214	\$513	2.0%
Wadena	\$73,750	131	\$563	2.1%
Waseca	\$107,348	208	\$516	2.3%
Washington	\$657,922	1,327	\$496	1.0%
Watonwan	\$62,196	110	\$565	2.2%
Wilkin	\$35,645	70	\$509	2.4%
Winona	\$208,065	415	\$501	1.9%
Wright	\$494,525	998	\$496	1.5%
Yellow Medicine	\$58,956	109	\$541	2.3%
Unknown/Other	\$804,944	2,241	\$359	
TOTAL	\$19,166,987	38,244	\$501	1.3%

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¹ While in this issue brief we discuss the tax credit in relation to child care, families can also claim this credit for care for a spouse or dependent who is living with a disability.

² Tax Year 2020 is the most current year for which detailed information is available. The data in this brief come from Minnesota Department of Revenue, [Tax Year 2020 Minnesota Income Statistics by County](#). In this brief, we use the term “number of households” to refer to the number of income tax returns filed.

³ Minnesota Department of Revenue, [2020 Schedule M1CD Instructions](#).

⁴ This is because the federal credit is not refundable.