

FACT SHEET | Middle Class Tax Cuts

Budget for a Better Minnesota

Governor Dayton has signed into law \$230 million in tax cuts for middle class individuals and families. These tax cuts benefit working families, parents, teachers, seniors, and small employers.

Middle Class Tax Cuts – By the Numbers

\$115	More than 650,000 married couples will save an average \$115 on their taxes.
300,000	Over 300,000 Minnesota families will save more money thanks to the expansion of the Working Family Tax Credit.
\$74	More than 25,000 families who qualify for child care tax credits will see an average increase in their tax credit of \$74 per year.

Reducing Taxes for Middle Class Minnesotans

- **Married Couples.** More than 650,000 married couples will save an average \$115 per year through the elimination of the “marriage penalty.” This tax cut begins next year, for the 2014 tax filing season.
- **Working Families.** Over 16,000 more middle class families will qualify for the Working Family Tax Credit, and everyone who qualifies for the credit will receive an increase.
- **Parents.** More than 25,000 families who qualify for child care tax credits will see an average increase in their tax credit of \$74 per year.
- **Students.** Minnesota students, and graduates with student loans, will benefit from these tax cuts:
 - More than 285,000 recent college graduates will save up to \$190 per year by deducting their student loan interest.
 - Another 40,000 current college students and parents will receive a tuition deduction of \$140 per year, on average.
 - Minnesotans will be able to contribute up to \$2,000 to an Education Savings Account – an increase from just \$500 before. These accounts have also been expanded to include elementary and secondary education.
- **Homeowners.** Minnesotans who have recently bought or sold their homes will benefit from provisions included in the tax plan, including:
 - Another 96,000 households earning less than \$110,000 per year will be able to deduct the cost of their mortgage insurance.
 - Homeowners struggling to recover from the housing crisis will not have to pay income tax on “shadow income” because of foreclosures or canceled debts.
- **Teachers.** Over 56,000 teachers and other education professionals will be eligible for a \$250 tax deduction for any personal expenses on books and classroom supplies.
- **Small Employers.** Small businesses will be able to offer their employees tax-free tuition and adoption assistance.
- **Charitable Contributions.** Minnesotans over age 70 ½ will be able to transfer up to \$100,000 of their IRA to a charity, and exclude that amount from their income. It will also be easier for individuals and businesses to donate food, land, and money to charitable causes.