

SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION

S.F. No. 2805

(SENATE AUTHORS: SENJEM)

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Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

- 1.1 A bill for an act
- 1.2 relating to taxation; individual income; allowing a phased-in full subtraction of
- 1.3 Social Security benefits; amending Minnesota Statutes 2020, section 290.0132,
- 1.4 subdivision 26.
- 1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.6 Section 1. Minnesota Statutes 2020, section 290.0132, subdivision 26, is amended to read:
- 1.7 Subd. 26. **Social Security benefits.** (a) A portion of ~~taxable~~ Social Security benefits is
- 1.8 allowed as a subtraction. The subtraction equals the lesser of ~~taxable~~ Social Security benefits
- 1.9 or a maximum subtraction subject to the limits under paragraphs (b), (c), and (d).
- 1.10 (b) For married taxpayers filing a joint return and surviving spouses, the maximum
- 1.11 subtraction equals ~~\$5,150~~ \$5,450. The maximum subtraction is reduced by 20 percent of
- 1.12 provisional income over ~~\$78,180~~ \$82,770. In no case is the subtraction less than zero.
- 1.13 (c) For single or head-of-household taxpayers, the maximum subtraction equals ~~\$4,020~~
- 1.14 \$4,260. The maximum subtraction is reduced by 20 percent of provisional income over
- 1.15 ~~\$61,080~~ \$64,670. In no case is the subtraction less than zero.
- 1.16 (d) For married taxpayers filing separate returns, the maximum subtraction equals
- 1.17 one-half the maximum subtraction for joint returns under paragraph (b). The maximum
- 1.18 subtraction is reduced by 20 percent of provisional income over one-half the threshold
- 1.19 amount specified in paragraph (b). In no case is the subtraction less than zero.
- 1.20 (e) For purposes of this subdivision, "provisional income" means modified adjusted
- 1.21 gross income as defined in section 86(b)(2) of the Internal Revenue Code, plus one-half of

2.1 the ~~taxable~~ Social Security benefits received during the taxable year, and "Social Security
2.2 benefits" has the meaning given in section 86(d)(1) of the Internal Revenue Code.

2.3 (f) The commissioner shall adjust the maximum subtraction and threshold amounts in
2.4 paragraphs (b) to (d) as provided in section 270C.22. The statutory year is taxable year ~~2019~~
2.5 2022. The maximum subtraction and threshold amounts as adjusted must be rounded to the
2.6 nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10
2.7 amount.

2.8 (g) In addition to the subtraction determined under paragraphs (a) to (f), a taxpayer is
2.9 allowed a subtraction equal to a percent of Social Security benefits not allowed as a
2.10 subtraction under paragraphs (a) to (f) as follows:

2.11 (1) 32 percent for taxable years beginning after December 31, 2021, and before January
2.12 1, 2023;

2.13 (2) 43 percent for taxable years beginning after December 31, 2022, and before January
2.14 1, 2024;

2.15 (3) 55 percent for taxable years beginning after December 31, 2023, and before January
2.16 1, 2025;

2.17 (4) 67 percent for taxable years beginning after December 31, 2024, and before January
2.18 1, 2026;

2.19 (5) 77 percent for taxable years beginning after December 31, 2025, and before January
2.20 1, 2027;

2.21 (6) 89 percent for taxable years beginning after December 31, 2026, and before January
2.22 1, 2028; and

2.23 (7) 100 percent for taxable years beginning after December 31, 2027.

2.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.