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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 2090

03/10/2021 Authored by Lueck, Poston and Haley
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; individual income; providing a phase-in of a full subtraction
1.3 for taxable Social Security benefits; amending Minnesota Statutes 2020, section
1.4 290.0132, 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. The maximum subtraction is reduced by 20 percent of provisional
1.12 income over \$78,180. 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 The maximum subtraction is reduced by 20 percent of provisional income over \$61,080.
1.15 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
2.5 2019. 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) Notwithstanding paragraphs (a) to (f), a taxpayer may additionally subtract a
2.9 percentage of taxable Social Security benefits not already subtracted under this subdivision.
2.10 For the taxable year beginning after December 31, 2020, and before January 1, 2022, the
2.11 percentage is 25 percent, and the percentage increases by 25 percentage points each taxable
2.12 year until the percentage of additional benefit allowed as a subtraction under this paragraph
2.13 is 100 percent.

2.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
2.15 31, 2020.