

This Document can be made available  
in alternative formats upon request

State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. **885**

02/07/2019 Authored by Wazlawik and Christensen  
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; modifying the Social Security subtraction;
- 1.3 amending Minnesota Statutes 2018, section 290.0132, subdivision 26.
- 1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.5 Section 1. Minnesota Statutes 2018, section 290.0132, subdivision 26, is amended to read:
- 1.6 Subd. 26. **Social Security benefits.** (a) A portion of Social Security benefits is allowed
- 1.7 as a subtraction. The subtraction equals the lesser amount of Social Security benefits ~~or a~~
- 1.8 ~~maximum subtraction~~ included in the taxpayer's federal taxable income, subject to the ~~limits~~
- 1.9 reductions 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 \$4,500. The maximum~~ subtraction is reduced by ~~20~~ ten percent of
- 1.12 ~~provisional~~ for each \$1,000 of adjusted gross income over \$77,000 \$110,000. In no case is
- 1.13 the subtraction less than zero.
- 1.14 (c) For single or head-of-household taxpayers, the ~~maximum subtraction equals \$3,500.~~
- 1.15 ~~The maximum~~ subtraction is reduced by ~~20~~ ten percent of ~~provisional income over \$60,200~~
- 1.16 for each \$1,000 of adjusted gross income over \$80,000. In no case is the subtraction less
- 1.17 than zero.
- 1.18 (d) For married taxpayers filing separate returns, the ~~maximum subtraction equals \$2,250.~~
- 1.19 ~~The maximum subtraction~~ is reduced by ~~20~~ ten percent of ~~provisional income over \$38,500~~
- 1.20 for each \$1,000 of adjusted gross income over \$55,000. In no case is the subtraction less
- 1.21 than zero.

2.1 ~~(e) For purposes of this subdivision, "provisional income" means modified adjusted~~  
2.2 ~~gross income as defined in section 86(b)(2) of the Internal Revenue Code, plus one-half of~~  
2.3 ~~the Social Security benefits received during the taxable year, and "Social Security benefits"~~  
2.4 ~~has the meaning given in section 86(d)(1) of the Internal Revenue Code.~~

2.5 ~~(f)~~ (e) The commissioner shall adjust the ~~maximum subtraction and~~ threshold amounts  
2.6 in paragraphs (b) to (d) by the percentage determined pursuant to the provisions of section  
2.7 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) of the Internal Revenue  
2.8 Code the word "~~2016~~" "2018" shall be substituted for the word "~~1992~~." For 2018, the  
2.9 commissioner shall then ~~determine the percentage change from the 12 months ending on~~  
2.10 ~~August 31, 2016, to the 12 months ending on August 31, 2017, and in each subsequent year,~~  
2.11 ~~from the 12 months ending on August 31, 2016, to the 12 months ending on August 31 of~~  
2.12 ~~the year preceding the taxable year. "2016."~~ The determination of the commissioner pursuant  
2.13 to this subdivision must not be considered a rule and is not subject to the Administrative  
2.14 Procedure Act contained in chapter 14, including section 14.386. The maximum subtraction  
2.15 and threshold amounts as adjusted must be rounded to the nearest \$10 amount. If the amount  
2.16 ends in \$5, the amount is rounded up to the nearest \$10 amount.

2.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
2.18 31, 2018.