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State of Minnesota

HOUSE OF REPRESENTATIVES

A bill for an act

relating to taxation; individual income; limiting maximum amount of itemized

NINETY-SECOND SESSION

н. ғ. №. 1731

03/01/2021 Authored by Agbaje and Gomez

The bill was read for the first time and referred to the Committee on Taxes

1.3 1.4	deductions; amending Minnesota Statutes 2020, section 290.0122, subdivisions 1, 2.
1.5	BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
1.6	Section 1. Minnesota Statutes 2020, section 290.0122, subdivision 1, is amended to read:
1.7	Subdivision 1. Itemized deductions. A taxpayer's itemized deductions equal the sum
1.8	of the amounts allowed as a deduction under this section, reduced by the amount calculated
1.9	subject to the reduction and limitation under subdivision 2.
1.10	EFFECTIVE DATE. This section is effective for taxable years beginning after December
1.11	<u>31, 2020.</u>
1.12	Sec. 2. Minnesota Statutes 2020, section 290.0122, subdivision 2, is amended to read:
1.13	Subd. 2. Deductions limited; inflation adjustment. (a) The itemized deductions of a
1.14	taxpayer with adjusted gross income in excess of the applicable amount are reduced by the
1.15	lesser of:
1.16	(1) three percent of the excess of the taxpayer's federal adjusted gross income over the
1.17	applicable amount; or
1.18	(2) 80 percent of the amount of the taxpayer's itemized deductions.
1.19	(b) After the reduction in paragraph (a), a taxpayer's itemized deductions are limited to
1.20	\$50,000 per taxable year for married taxpayers filing joint returns, and \$25,000 per taxable
1.21	year for all other taxpayers.

Sec. 2. 1

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(b) (c) "Applicable amount" means \$194,650, or \$97,325 for a married individual filing 2.1 a separate return. 2.2 (e) (d) For the purposes of this subdivision, "itemized deductions" means the itemized 2.3 deductions otherwise allowable to the taxpayer under subdivision 1, except itemized 2.4 deductions excludes: 2.5 (1) the portion of the deduction for interest under subdivision 5 that represents investment 2.6 interest; 2.7 (2) the deduction for medical expenses under subdivision 6; and 2.8 (3) the deduction for losses under subdivision 8. 2.9 (d) (e) For taxable years beginning after December 31, 2019, the commissioner must 2.10 adjust for inflation the applicable amounts under paragraph (b) (c) as provided in section 2.11 270C.22. The statutory year is taxable year 2019. The amounts as adjusted must be rounded 2.12 down to the nearest \$50 amount. The threshold amount for married individuals filing separate 2.13 returns must be one-half of the adjusted amount for married individuals filing joint returns. 2.14

2.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December 2.16 31, 2020.

Sec. 2. 2