

SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION

S.F. No. 3620

(SENATE AUTHORS: GOGGIN, Eichorn, Johnson, Lang and Draheim)

DATE
02/27/2020

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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; providing for an unlimited subtraction of
 1.3 Social Security and other retirement benefits income; amending Minnesota Statutes
 1.4 2019 Supplement, section 290.0132, subdivision 26.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2019 Supplement, section 290.0132, subdivision 26, is
 1.7 amended to read:

1.8 Subd. 26. **Social Security and other retirement benefits.** ~~(a) A portion of taxable Social~~
 1.9 ~~Security benefits is allowed as a subtraction. The subtraction equals the lesser of taxable~~
 1.10 ~~Social Security benefits or a maximum subtraction subject to the limits under paragraphs~~
 1.11 ~~(b), (c), and (d).~~

1.12 ~~(b) For married taxpayers filing a joint return and surviving spouses, the maximum~~
 1.13 ~~subtraction equals \$5,150. The maximum subtraction is reduced by 20 percent of provisional~~
 1.14 ~~income over \$78,180. In no case is the subtraction less than zero.~~

1.15 ~~(c) For single or head-of-household taxpayers, the maximum subtraction equals \$4,020.~~
 1.16 ~~The maximum subtraction is reduced by 20 percent of provisional income over \$61,080.~~
 1.17 ~~In no case is the subtraction less than zero.~~

1.18 ~~(d) For married taxpayers filing separate returns, the maximum subtraction equals~~
 1.19 ~~one-half the maximum subtraction for joint returns under paragraph (b). The maximum~~
 1.20 ~~subtraction is reduced by 20 percent of provisional income over one-half the threshold~~
 1.21 ~~amount specified in paragraph (b). In no case is the subtraction less than zero.~~

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

~~(f) The commissioner shall adjust the maximum subtraction and threshold amounts in paragraphs (b) to (d) as provided in section 270C.22. The statutory year is taxable year 2019. The maximum subtraction and threshold amounts as adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount. The following amounts received by the taxpayer in a taxable year are allowed as a subtraction:~~

~~(1) taxable Social Security benefits; and~~

~~(2) the total taxable amount received as a distribution or withdrawal from a governmental or other pension, annuity, or retirement savings plan, including but not limited to a qualified defined benefit or defined contribution plan under section 401(a) of the Internal Revenue Code, a 401(k) plan, a plan listed in section 219(g)(5) of the Internal Revenue Code, a deferred compensation plan under section 457(b) of the Internal Revenue Code, a simplified employee pension (SEP) plan, a savings incentive match plan for employees (SIMPLE) plan, an individual retirement account or annuity under section 408 of the Internal Revenue Code, and a multiemployer pension plan described in section 414(f) of the Internal Revenue Code.~~

~~**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2019.~~