

**SENATE**  
**STATE OF MINNESOTA**  
**NINETY-FIRST SESSION**

**S.F. No. 245**

(SENATE AUTHORS: GOGGIN, Draheim, Koran, Chamberlain and Anderson, P.)  

<b>DATE</b>	<b>D-PG</b>		<b>OFFICIAL STATUS</b>
01/17/2019	113	Introduction and first reading Referred to Taxes	

1.1 A bill for an act  
1.2 relating to taxation; individual income; allowing an unlimited Social Security  
1.3 subtraction; amending Minnesota Statutes 2018, section 290.0132, subdivision  
1.4 26.

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

1.6 Section 1. Minnesota Statutes 2018, section 290.0132, subdivision 26, is amended to read:

1.7 Subd. 26. **Social Security benefits.** ~~(a) A portion of~~ The entire amount of Social Security  
1.8 benefits received by a taxpayer in the taxable year is allowed as a subtraction. ~~The subtraction~~  
1.9 ~~equals the lesser of Social Security benefits or a maximum subtraction subject to the limits~~  
1.10 ~~under paragraphs (b), (c), and (d).~~

1.11 ~~(b) For married taxpayers filing a joint return and surviving spouses, the maximum~~  
1.12 ~~subtraction equals \$4,500. The maximum subtraction is reduced by 20 percent of provisional~~  
1.13 ~~income over \$77,000. In no case is 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 percent of provisional income over \$60,200.~~  
1.16 ~~In no case is the subtraction less than zero.~~

1.17 ~~(d) For married taxpayers filing separate returns, the maximum subtraction equals \$2,250.~~  
1.18 ~~The maximum subtraction is reduced by 20 percent of provisional income over \$38,500.~~  
1.19 ~~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 Social Security benefits received during the taxable year, and "Social Security benefits"~~  
2.2 ~~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) by the percentage determined pursuant to the provisions of section~~  
2.5 ~~1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) of the Internal Revenue~~  
2.6 ~~Code the word "2016" shall be substituted for the word "1992." For 2018, the commissioner~~  
2.7 ~~shall then determine the percentage change from the 12 months ending on August 31, 2016,~~  
2.8 ~~to the 12 months ending on August 31, 2017, and in each subsequent year, from the 12~~  
2.9 ~~months ending on August 31, 2016, to the 12 months ending on August 31 of the year~~  
2.10 ~~preceding the taxable year. The determination of the commissioner pursuant to this~~  
2.11 ~~subdivision must not be considered a rule and is not subject to the Administrative Procedure~~  
2.12 ~~Act contained in chapter 14, including section 14.386. The maximum subtraction and~~  
2.13 ~~threshold amounts as adjusted must be rounded to the nearest \$10 amount. If the amount~~  
2.14 ~~ends in \$5, the amount is rounded up to the nearest \$10 amount.~~

2.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
2.16 31, 2018.