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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 4861

03/13/2024 Authored by Davids
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 itemized deduction to exclude
1.3 certain charitable contributions; amending Minnesota Statutes 2023 Supplement,
1.4 section 290.0122, subdivision 2.

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

1.6 Section 1. Minnesota Statutes 2023 Supplement, section 290.0122, subdivision 2, is
1.7 amended to read:

1.8 Subd. 2. Deductions limited; inflation adjustment. (a) The itemized deductions of a
1.9 taxpayer with adjusted gross income over \$220,650 are reduced by the lesser of:

1.10 (1) three percent of the excess of the taxpayer's adjusted gross income over \$220,650
1.11 but not over \$304,970; plus ten percent of the taxpayer's adjusted gross income over
1.12 \$304,970; or

1.13 (2) 80 percent of the amount of the taxpayer's itemized deductions.

1.14 (b) Notwithstanding paragraph (a), for a taxpayer with adjusted gross income over
1.15 \$1,000,000, a taxpayer's itemized deductions are reduced by 80 percent.

1.16 (c) For a married individual filing a separate return, the reduction under paragraph (a)
1.17 must be calculated using one-half of the adjusted gross income amounts specified in that
1.18 paragraph.

1.19 (d) For the purposes of this subdivision, "itemized deductions" means the itemized
1.20 deductions otherwise allowable to the taxpayer under subdivision 1, except itemized
1.21 deductions excludes:

2.1 (1) the portion of the deduction for interest under subdivision 5 that represents investment
2.2 interest;

2.3 (2) the deduction for medical expenses under subdivision 6; ~~and~~

2.4 (3) the deduction for losses under subdivision 8; and

2.5 (4) the deduction for charitable contributions under subdivision 4.

2.6 (e) For taxable years beginning after December 31, 2023, the commissioner must adjust
2.7 for inflation the adjusted gross income amounts under paragraphs (a) and (b) as provided
2.8 in section 270C.22. The statutory year is taxable year 2023. The amounts as adjusted must
2.9 be rounded down to the nearest \$50 amount. The threshold amount for married individuals
2.10 filing separate returns must be one-half of the adjusted amount for married individuals filing
2.11 joint returns.

2.12 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
2.13 31, 2023.