

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

**S.F. No. 1826**

(SENATE AUTHORS: FRANZEN and Senjem)

DATE  
02/27/2019

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558 Introduction and first reading  
Referred to Taxes

OFFICIAL STATUS

- 1.1 A bill for an act
- 1.2 relating to taxation; individual income; modifying the subtraction for Social Security
- 1.3 benefits; 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 of Social Security benefits or a maximum
- 1.8 subtraction subject to the limits under paragraphs (b), (c), and (d).
- 1.9 (b) For married taxpayers filing a joint return and surviving spouses, the maximum
- 1.10 subtraction equals ~~\$4,500~~ \$6,025. The maximum subtraction is reduced by 20 percent of
- 1.11 provisional income over ~~\$77,000~~ \$100,540. In no case is the subtraction less than zero.
- 1.12 (c) For single or head-of-household taxpayers, the maximum subtraction equals ~~\$3,500~~
- 1.13 \$4,690. The maximum subtraction is reduced by 20 percent of provisional income over
- 1.14 ~~\$60,200~~ \$78,600. In no case is the subtraction less than zero.
- 1.15 (d) For married taxpayers filing separate returns, the maximum subtraction equals ~~\$2,250~~
- 1.16 \$3,015. The maximum subtraction is reduced by 20 percent of provisional income over
- 1.17 ~~\$38,500~~ \$50,275. In no case is the subtraction less than zero.
- 1.18 (e) For purposes of this subdivision, "provisional income" means modified adjusted
- 1.19 gross income as defined in section 86(b)(2) of the Internal Revenue Code, plus one-half of
- 1.20 the Social Security benefits received during the taxable year, and "Social Security benefits"
- 1.21 has the meaning given in section 86(d)(1) of the Internal Revenue Code.

2.1 (f) The commissioner shall adjust the maximum subtraction and threshold amounts in  
2.2 paragraphs (b) to (d) by the percentage determined pursuant to the provisions of section  
2.3 1(f) of the Internal Revenue Code, as amended through December 31, 2016, except that in  
2.4 section 1(f)(3)(B) of the Internal Revenue Code the word "~~2016~~" "2018" shall be substituted  
2.5 for the word "1992." For ~~2018~~ 2020, the commissioner shall then determine the percentage  
2.6 change from the 12 months ending on August 31, ~~2016~~ 2018, to the 12 months ending on  
2.7 August 31, ~~2017~~ 2019, and in each subsequent year, from the 12 months ending on August  
2.8 31, ~~2016~~ 2018, to the 12 months ending on August 31 of the year preceding the taxable  
2.9 year. The determination of the commissioner pursuant to this subdivision must not be  
2.10 considered a rule and is not subject to the Administrative Procedure Act contained in chapter  
2.11 14, including section 14.386. The maximum subtraction and threshold amounts as adjusted  
2.12 must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded  
2.13 up to the nearest \$10 amount.

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