

SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION

S.F. No. 3620

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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.~~

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

2.5 ~~(f) The commissioner shall adjust the maximum subtraction and threshold amounts in~~
2.6 ~~paragraphs (b) to (d) as provided in section 270C.22. The statutory year is taxable year~~
2.7 ~~2019. The maximum subtraction and threshold amounts as adjusted must be rounded to the~~
2.8 ~~nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10~~
2.9 ~~amount. The following amounts received by the taxpayer in a taxable year are allowed as~~
2.10 ~~a subtraction:~~

2.11 (1) taxable Social Security benefits; and

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

2.21 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
2.22 31, 2019.