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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. **1040**

01/30/2023 Authored by Hanson, J.; Berg; Elkins; Norris; Brand and others  
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; expanding the subtraction for Social Security  
1.3 benefits; amending Minnesota Statutes 2022, section 290.0132, subdivision 26.

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

1.5 Section 1. Minnesota Statutes 2022, section 290.0132, subdivision 26, is amended to read:

1.6 Subd. 26. **Social Security benefits.** (a) A portion of ~~taxable~~ Social Security benefits is  
1.7 allowed as a subtraction. The subtraction equals the lesser amount of taxable Social Security  
1.8 benefits ~~or a maximum 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 \$5,150. The maximum subtraction~~ is reduced by 20 percent of ~~provisional~~  
1.11 adjusted gross income over ~~\$78,180~~ \$80,000. In no case is the subtraction less than zero.

1.12 (c) For single or head-of-household taxpayers, the ~~maximum~~ subtraction ~~equals \$4,020.~~  
1.13 ~~The maximum subtraction~~ is reduced by 20 percent of ~~provisional~~ adjusted gross income  
1.14 over ~~\$61,080~~ \$62,500. In no case is the subtraction less than zero.

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

1.19 (e) For purposes of this subdivision, ~~"provisional income" means modified adjusted~~  
1.20 ~~gross income as defined in section 86(b)(2) of the Internal Revenue Code, plus one-half of~~  
1.21 ~~the taxable Social Security benefits received during the taxable year, and "Social Security~~  
1.22 ~~benefits" 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) as provided in section 270C.22. The statutory year is taxable year ~~2019~~  
2.3 2023. The maximum subtraction and threshold amounts as adjusted must be rounded to the  
2.4 nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10  
2.5 amount.

2.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
2.7 31, 2022.