

February 11, 2025

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of H.F. 100 (Repinski)

	Fund Impact			
	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>	<u>F.Y. 2028</u>	<u>F.Y. 2029</u>
		(000's)		
General Fund	(\$390,700)	(\$415,700)	(\$437,300)	(\$456,000)

Effective beginning with tax year 2025.

EXPLANATION OF THE BILL

Current Law: Under current law, a taxpayer may subtract a portion of social security benefits when calculating Minnesota taxable income. The subtraction is equal to 100% of taxable social security income, reduced by 10% for each \$4,000 (\$2,000 for married separate filers) over a phase-out threshold. The thresholds for 2025 are \$108,320 for married joint filers, \$54,160 for married separate filers, and \$84,490 for single and head of household filers. An alternative subtraction is available, which may be larger in certain circumstances.

Proposed Law: Under the bill, the entire amount of social security benefits received by a taxpayer during the tax year is allowed as a subtraction, to the extent included in federal taxable income.

REVENUE ANALYSIS DETAIL

- The House Income Tax Simulation Model (HITS 7.5) was used to estimate the revenue impact. These simulations assume the same economic conditions used by Minnesota Management and Budget for the budget forecast published in November 2024. The model uses a stratified random sample of tax year 2022 individual income tax returns compiled by the Minnesota Department of Revenue.
- Tax year impacts are allocated for the following fiscal year.

Number of Taxpayers: An estimated 211,700 taxpayers would have an average reduction in tax of \$1,845 in tax year 2025.

Minnesota Department of Revenue
Tax Research Division
<https://www.revenue.state.mn.us/revenue-analyses>