

**Subject** Social Security income; 100 percent subtraction allowed

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## Summary

The bill allows an individual income tax subtraction for the full amount of federally taxable Social Security benefits. This change would make Social Security Old-Age, Survivors, and Disability Insurance (OASDI) benefits and tier 1 railroad retirement benefits nontaxable for the purposes of the state income tax.

Under current law, for tax year 2025, these benefits are exempt for taxpayers with adjusted gross incomes of less than \$108,320 (married joint filers) or \$84,490 (single/head of household filers). For most filers, a taxpayer's subtraction is reduced by ten percent for each \$4,000 of AGI (or fraction of \$4,000) above the phaseout. For example, a married taxpayer with \$115,000 of AGI would receive a subtraction for 80 percent of the taxpayer's federally taxable Social Security benefits because the taxpayer's AGI is two increments (or partial increments) of \$4,000 above \$108,320.

### Minnesota's tax treatment of Social Security benefits by adjusted gross income Tax year 2025

	Married taxpayers filing joint returns	Single or head of household taxpayers	Married taxpayers filing separate returns
Social Security fully tax exempt	\$108,320 or less	\$84,490 or less	\$54,160 or less
Some federally taxable benefits subject to state tax	\$108,321 to \$144,320	\$84,491 to \$120,490	\$54,161 to \$72,160
All federally taxable benefits subject to state tax	\$144,321 or greater	\$120,491 or greater	\$72,161 or greater