

HOUSE RESEARCH

Bill Summary

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Version: As Introduced

Authors: Mulder and others

Subject: Income tax subtraction for military pensions

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Overview

Allows taxpayers to subtract military pensions from taxable income in calculating state income tax.

- 1 Subtraction for military pensions.** Allows taxpayers to subtract military pensions and retirement pay for service in the armed forces from Minnesota taxable income. Under current law, Minnesota does not allow an income tax subtraction for any kind of pension income.

Minnesota allows a general subtraction for taxpayers who are over age 65 or disabled. The maximum subtraction is \$12,000 for a married couple. The subtraction amount begins to phase out when income reaches \$18,000 and couples with incomes over \$42,000 are not eligible for a subtraction. For single filers, the maximum subtraction is \$9,600 and phases out for incomes between \$14,500 and \$33,700.

- 2 Effective date.** Effective beginning in tax year 1999.