

HOUSE RESEARCH

Bill Summary

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Overview

Exempts all social security benefits from Minnesota taxable income in calculating state income tax.

Section

- 1 **Subtraction for social security benefits.** Allows taxpayers to subtract from Minnesota taxable income any social security benefits that are included in federal taxable income.

Under current law, Minnesota conforms to the federal treatment of social security benefits. Benefits are exempt from both federal and state taxation for filers with provisional income under \$25,000 (\$32,000 for married couples filing jointly). Up to 50 percent of benefits are included in taxable income for filers with provisional income over \$25,000 (\$32,000 for married couples filing jointly) but under \$34,000 (\$44,000 for married couples filing jointly). Up to 85 percent of benefits are included in taxable income for filers with provisional income over \$34,000 (\$44,000 for married couples filing jointly). In determining the amount of benefits included in taxable income, the term "provisional income" means federal adjusted gross income before including any social security benefits, plus one-half of social security benefits.