

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 3847  
**Version:** As introduced

**DATE:** April 11, 2016

**Authors:** Anzelc and others

**Subject:** Income tax subtraction for social security benefits

**Analyst:** Nina Manzi, 651-296-5204  
Joel Michael, joel.michael@house.mn

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: [www.house.mn/hrd/](http://www.house.mn/hrd/).

---

Allows filers with provisional income less than \$70,000 (married joint) or \$54,000 (all other filers) to subtract social security benefits in computing Minnesota taxable income. Phases out the subtraction for filers with income over the threshold. Provides for the thresholds to be indexed annually for inflation. Allows a corresponding subtraction in the calculation of alternative minimum tax.

Provisional income is the income measure used under the federal income tax to determine the amount of social security benefits included in federal taxable income. It equals federal adjusted gross income (before the subtractions for student loan interest, higher education tuition expenses, and domestic manufacturing expenses) excluding social security benefits, plus tax-exempt bond interest, plus one-half of social security benefits.

States that the purpose is to exclude from taxation at least the amount that would have been excluded if the federal provisional income thresholds used to determine the portion of social security benefits subject to tax had been adjusted for inflation.

Effective for tax year 2016.