

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 1768  
**Version:** As introduced

**DATE:** March 16, 2015

**Authors:** Isaacson

**Subject:** Increasing elderly exclusion; modifying property tax refund exemptions

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### Overview

Increases the base amounts and phaseout thresholds for the elderly exclusion, and modifies the definition of household income used in calculating the homestead credit refund and property tax refund for renters to allow couples in which both spouses are age 65 or older or disabled to claim two exemptions, rather than one.

#### Section

**1 Elderly and disabled exclusion.** Increases the base amount and the phaseout thresholds for the elderly and disabled exclusion, which is a subtraction from Minnesota taxable income. An individual must be age 65 or older or disabled to claim the subtraction.

The exclusion is calculated using a base amount and an income-based phase-out. After subtracting tax exempt Social Security and railroad retirement benefits from the base amount, the exclusion is phased out at a 50 percent rate for taxpayers with incomes over a fixed threshold. Taxpayers then subtract the exclusion from Minnesota taxable income. The table shows the base amounts and phaseout thresholds by filing status under current law and under the bill, and also the effect the changes have on the maximum income at which the exclusion is allowed.

**Section**

**Current law**

Filing status	Base amount	Phaseout threshold	Maximum income eligible
Married joint, both eligible	\$12,000	\$18,000	\$42,000
Married joint, one eligible	\$12,000	\$14,500	\$38,500
Married separate	\$6,000	\$9,000	\$21,000
Single/Head of household	\$9,600	\$14,500	\$33,700

**H.F. 1768**

Filing status	Base amount	Phaseout threshold	Maximum income eligible
Married joint, both eligible	\$20,000	\$30,000	\$70,000
Married joint, one eligible	\$20,000	\$24,000	\$64,000
Married separate	\$10,000	\$15,000	\$35,000
Single/Head of household	\$16,000	\$24,000	\$56,000

**Effective date:** Tax year 2015

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**Property tax refund; household income definition.** Allows a second exemption from household income for married couples in which both spouses are age 65 or older or disabled for both the homestead credit refund and the property tax refund for renters. Because the refunds are both calculated based on property taxes relative to household income, reducing household income by allowing the second exemption may increase the amount of refund allowed for couples in which both spouses are age 65 or older or disabled.

**Effective date:** Refunds based on property taxes payable in 2016, and rent paid in 2015.