

## S.F. No. 2091 – Full subtraction of taxable Social Security benefits

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Under current law, a specified amount of Social Security benefits is excluded from federal adjusted gross income (AGI), calculated according to a taxpayer’s “provisional income.” Minnesota incorporates this exclusion in its tax code. Provisional income equals:

AGI (excluding Social Security benefits) +  
certain above the line deductions + nontaxable interest +  
50% of Social Security benefits

Social Security benefits are excluded from federal and Minnesota tax according to three tiers of provisional income:

	<b>Married Filers – Provisional Income</b>	<b>Single Filer – Provisional Income</b>	<b>% Excluded from Tax</b>
	Up to \$32,000	Up to \$25,000	100%
<b>1<sup>st</sup> Tier:</b>	\$32,000 to \$44,000	\$25,000 to \$34,000	50%
<b>2<sup>nd</sup> Tier:</b>	\$44,000 or greater	\$34,000 or greater	15%

Minnesota currently provides a subtraction of a portion of taxable Social Security benefits, phased out by provisional income over specified amounts. The subtraction and the income thresholds are adjusted annually for inflation.

This bill provides a subtraction of all taxable Social Security benefits for purposes of calculating Minnesota taxable income, effective beginning in tax year 2021.