

1.1 moves to amend H.F. No. 1040 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. Minnesota Statutes 2022, section 290.0132, subdivision 26, is amended to
1.4 read:

1.5 Subd. 26. **Social Security benefits.** (a) ~~A portion of taxable Social Security benefits is~~
1.6 ~~allowed as a subtraction. The taxpayer is allowed a subtraction equals equal to the greater~~
1.7 of the simplified subtraction allowed under paragraph (b) or the alternate subtraction
1.8 determined under paragraphs (c), (d), and (e).

1.9 (b) A taxpayer's simplified subtraction equals the amount of taxable social security
1.10 benefits. For a taxpayer with adjusted gross income above the phaseout threshold, the
1.11 subtraction is reduced by ten percent for each \$4,000 of adjusted gross income, or fraction
1.12 thereof, in excess of the phaseout threshold. The phaseout threshold equals:

1.13 (1) \$80,000 for a married taxpayer filing a joint return or surviving spouse;

1.14 (2) \$62,500 for a single or head of household taxpayer; or

1.15 (3) half the amount allowed under clause (1) for a married taxpayer filing a separate
1.16 return.

1.17 (c) A taxpayer's alternate subtraction equals the lesser of taxable Social Security benefits
1.18 or a maximum subtraction subject to the limits under paragraphs ~~(b), (e), and (d), (e), and~~
1.19 (f).

1.20 ~~(b)~~ (d) For married taxpayers filing a joint return and surviving spouses, the maximum
1.21 subtraction under paragraph (c) equals \$5,150 \$5,840. The maximum subtraction is reduced
1.22 by 20 percent of provisional income over ~~\$78,180~~ \$88,630. In no case is the subtraction
1.23 less than zero.

2.1 ~~(e)~~ (e) For single or head-of-household taxpayers, the maximum subtraction under
2.2 paragraph (c) equals ~~\$4,020~~ \$4,560. The maximum subtraction is reduced by 20 percent of
2.3 provisional income over ~~\$61,080~~ \$69,250. In no case is the subtraction less than zero.

2.4 ~~(d)~~ (f) For married taxpayers filing separate returns, the maximum subtraction under
2.5 paragraph (c) equals one-half the maximum subtraction for joint returns under paragraph
2.6 ~~(b)~~ (d). The maximum subtraction is reduced by 20 percent of provisional income over
2.7 one-half the threshold amount specified in paragraph ~~(b)~~ (d). In no case is the subtraction
2.8 less than zero.

2.9 ~~(e)~~ (g) For purposes of this subdivision, "provisional income" means modified adjusted
2.10 gross income as defined in section 86(b)(2) of the Internal Revenue Code, plus one-half of
2.11 the taxable Social Security benefits received during the taxable year, and "Social Security
2.12 benefits" has the meaning given in section 86(d)(1) of the Internal Revenue Code.

2.13 ~~(f)~~ (h) The commissioner shall adjust the maximum subtraction and threshold amounts
2.14 in paragraphs (b) to ~~(d)~~ (f) as provided in section 270C.22. The statutory year is taxable
2.15 year ~~2019~~ 2023. The maximum subtraction and threshold amounts as adjusted must be
2.16 rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to
2.17 the nearest \$10 amount.

2.18 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
2.19 31, 2022."

2.20 Amend the title accordingly