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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 2091

1.1 A bill for an act
1.2 relating to taxation; individual income; expanding the subtraction for military
1.3 retirement pay; amending Minnesota Statutes 2020, section 290.0132, subdivision
1.4 21.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2020, section 290.0132, subdivision 21, is amended to read:

1.7 Subd. 21. **Military service pension; retirement pay.** (a) To the extent included in
1.8 federal adjusted gross income, compensation received from a pension or other retirement
1.9 pay from the federal government for service in the military, as is a subtraction. Only the
1.10 following amounts may be subtracted under this subdivision:

1.11 (1) compensation computed under United States Code, title 10, sections 1401 to 1414,
1.12 1447 to 1455, and 12733, ~~is a subtraction;~~

1.13 (2) the total amount of a federal employee retirement system pension under United States
1.14 Code, title 5, chapter 84, multiplied by the taxpayer's military service ratio; and

1.15 (3) the total amount of a civil service retirement system pension under United States
1.16 Code, title 5, chapter 83, subchapter III, multiplied by the taxpayer's military service ratio.

1.17 (b) The subtraction is limited to individuals who do not claim the credit under section
1.18 290.0677.

1.19 (c) For purposes of this subdivision, "military service ratio" means:

1.20 (1) in the case of a federal employee retirement system pension, the years of service
1.21 credited to the taxpayer for military service under United States Code, title 5, section 8411,
1.22 divided by the total service credited to the taxpayer under that section; and

2.1 (2) in the case of a civil service retirement system pension, the years of service credited
2.2 to the taxpayer for military service under United States Code, title 5, section 8322, divided
2.3 by the total service credited to the taxpayer under that section.

2.4 (d) For purposes of calculating the ratio under paragraph (b), the commissioner must
2.5 consider the number of full years and months credited to the taxpayer, excluding any
2.6 fractional part of a month, if any.

2.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
2.8 31, 2020.