

**SENATE**  
**STATE OF MINNESOTA**  
**NINETY-SECOND SESSION**

**S.F. No. 1945**

(SENATE AUTHORS: DZIEDZIC and Murphy)

DATE  
03/10/2021

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Introduction and first reading  
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act  
 1.2 relating to taxation; individual income; limiting maximum amount of itemized  
 1.3 deductions; amending Minnesota Statutes 2020, section 290.0122, subdivisions  
 1.4 1, 2.

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

1.6 Section 1. Minnesota Statutes 2020, section 290.0122, subdivision 1, is amended to read:

1.7 Subdivision 1. **Itemized deductions.** A taxpayer's itemized deductions equal the sum  
 1.8 of the amounts allowed as a deduction under this section, ~~reduced by the amount calculated~~  
 1.9 subject to the reduction and limitation under subdivision 2.

1.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
 1.11 31, 2020.

1.12 Sec. 2. Minnesota Statutes 2020, section 290.0122, subdivision 2, is amended to read:

1.13 Subd. 2. **Deductions limited; inflation adjustment.** (a) The itemized deductions of a  
 1.14 taxpayer with adjusted gross income in excess of the applicable amount are reduced by the  
 1.15 lesser of:

1.16 (1) three percent of the excess of the taxpayer's federal adjusted gross income over the  
 1.17 applicable amount; or

1.18 (2) 80 percent of the amount of the taxpayer's itemized deductions.

1.19 (b) After the reduction in paragraph (a), a taxpayer's itemized deductions are limited to  
 1.20 \$50,000 per taxable year for married taxpayers filing joint returns, and \$25,000 per taxable  
 1.21 year for all other taxpayers.

2.1 ~~(b)~~ (c) "Applicable amount" means \$194,650, or \$97,325 for a married individual filing  
2.2 a separate return.

2.3 ~~(e)~~ (d) For the purposes of this subdivision, "itemized deductions" means the itemized  
2.4 deductions otherwise allowable to the taxpayer under subdivision 1, except itemized  
2.5 deductions excludes:

2.6 (1) the portion of the deduction for interest under subdivision 5 that represents investment  
2.7 interest;

2.8 (2) the deduction for medical expenses under subdivision 6; and

2.9 (3) the deduction for losses under subdivision 8.

2.10 ~~(d)~~ (e) For taxable years beginning after December 31, 2019, the commissioner must  
2.11 adjust for inflation the applicable amounts under paragraph ~~(b)~~ (c) as provided in section  
2.12 270C.22. The statutory year is taxable year 2019. The amounts as adjusted must be rounded  
2.13 down to the nearest \$50 amount. The threshold amount for married individuals filing separate  
2.14 returns must be one-half of the adjusted amount for married individuals filing joint returns.

2.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
2.16 31, 2020.