19.1023.01000

FISCAL NOTE

Requested by Legislative Council
01/14/2019

Bill/Resolution No.: SB 2277

1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			$(20,800,000)			
Expenditures						
Appropriations						

1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
Counties			
Cities			
School Districts			
Townships			

2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB 2277 will create a new individual income tax deduction for the portion of social security benefits that are taxed on an individual's federal income tax return.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Sections 1 and 2 of the bill make technical changes to language in the homestead property tax law and income tax law, respectively, relating to the inclusion or exclusion of social security benefits in definitions of income, for purposes of clarity and consistency with respect to the change made in Section 3 of the bill. These sections have no fiscal impact.

Section 3 of the bill will allow an individual to reduce North Dakota taxable income by the amount of any social security benefits that are included in the individual's federal taxable income. This change will have a fiscal impact.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

If enacted, Section 3 of SB 2277 is expected to reduce state general fund revenues by an estimated $20.8 million in the 2019-21 biennium.

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Name: Kathryn Strombeck

Agency: Office of Tax Commissioner

Telephone: 701.328.3402

Date Prepared: 01/18/2019

2019 SENATE FINANCE AND TAXATION

SB 2277

2019 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

SB 2277
1/21/2019
Job # 31116

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Alicia Larsgaard

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact a new subdivision to subsection 2 of section 57-38-30.3 of the North Dakota Century Code, relating to an income tax exclusion for social security benefits; to amend and reenact subsection 5 of section 57-02-08.1 and section 57-38-01.28 of the North Dakota Century Code, relating to the homestead tax credit and the marriage penalty credit; and to provide an effective date.

Minutes: Attachments: 4

Chairman Cook: Opened the hearing on SB 2277.

Senator Dotzenrod: Introduced SB 2277. This bill excludes from state income tax, income from social security benefits. It goes into those sections where that needs to get done. The reason I thought this might be something that the tax committee ought to be looking at is that there are getting to be fewer states left that tax all of social security revenue. I think there are three states left. Outside of the three, I think its North Dakota, West Virginia, and Vermont. Outside of those, there are some states that have new income tax but of the states that have an income tax, all of them now exempt some or some portion of social security income. As I look at the people who would be affected by this, it is a population that for the most part, has passed their peak earning years. They are generally a group of people that don't have the discretionary income that they once had when they were in their peak earning years. Yet, those costs of staying in their home continue to stay the same or go up. There are some people receiving social security income that are very well off and don't need any tax break. In general, there is a very large amount of people where retirement social security is their primary source of income. I will stand for questions.

Chairman Cook: Is there a like bill in the house?

Senator Dotzenrod: I am not sure. I have heard there are some social security related bills but what they do, I do not know.

Senator Patten: I was looking at the fiscal note which says a negative $20 million.

Senator Dotzenrod: That is a biennium figure. I was surprised it was that high. I have a general perception that many of the large portion of the population that is receiving social security is a fairly low income situation. I didn't think their tax rates would put them at the level that we would have a fiscal note this big.

Senator Patten: I would like to address the seniors in which some are low income, where some are high income. That might be the reason that there is a $20 million fiscal note. Could you address that?

Senator Dotzenrod: We are not trying to separate those. There are some states that only tax a portion. I do not know how they do that. That would be something if given the restriction of time, I was not able to get enough research done to understand how states do part of it. I have heard some stats about the number of people who are 65 and older that are below the poverty rate. It is surprising how low it is. It is about 15%-20%. If you took that social security out of the picture, that number would rise significantly. It is a big factor in keeping people above the poverty rate.

Senator Patten: When you look at those that are at that poverty rate, I would be surprised how much they are contributing to that $20 million cost. My assumption is that there is some significant plea.

Senator Dotzenrod: I think the tax department would have more information on that. Do they know of those revenues? Do they get reports and data from the federal government? I do not know. I think that is a question for the tax department.

Chairman Cook: I have six grandkids that are working and paying income and social security taxes. It is fun to watch them get their first check and wonder where it all went. Do you have some grandkids that are working?

Senator Dotzenrod: I do have grandkids, but they are not old enough to be working.

Chairman Cook: Should I talk to them about why I don't have to pay any tax on my social security. Don't you think you ought to have some skin in the game?

Senator Dotzenrod: I do not know the numbers, but a large share of those people are past their peak earning years. A lot of people want to get their social security cut and get the senior citizen discount at McDonald's all at the same time. I think it is true that there are people who are retired and flying to AZ in the winter and they are very well off and they wouldn't need this. We are attempting to get at the broader area of the population that is past their peak income years.

Chairman Cook: Further testimony in support?

Mike Chaussee, AARP: Testified in favor of the bill. Will email written testimony by end of the day. There is a bill on the House side, HB 1174. It is almost identical. They heard it in their Finance and Tax Committee last week. There was another bill introduced, HB 1342, that was the exact same. The second one has been withdrawn since then. At AARP we support them on access to affordable health care, choice of where to live, livable community,

and financial stability. We think eliminating the state tax on social security addresses some of that. We look at those in vulnerable situations. We hear a lot about that group that falls through that cracks, who are in that mid-income range and do not qualify for a lot of services but they are also not rich. We put those into health care access and we hope that this kind of bill really targets and helps them. I have a couple statistics about social security income and how it plays out in the state. I will send that sheet in an email by the end of the day.

Senator Unruh: You mentioned that more narrow group that is in between; is there a way that we can make this bill target them?

Mike Chaussee: There are some states that have found some middle ground between not taxing anything at all and taxing it at the full federal level like North Dakota, Vermont, and West Virginia do. There are economic thresholds that they tax at different percentages. I can get you some of what those ranges are. I would have access to other states that have worked on this recently. Minnesota didn't do a full repeal, but did find some threshold work that they were able to do.

Senator Unruh: With our low rates on income taxes here in ND, do you think that would have as much value as it does in a state like MN.

Mike Chaussee: I will get that answer to you. I had a similar question in the House and someone is looking into that so, if I get a good answer, I will surely get that to you. I don't have that much more for you, I was just going to go into that 10 and those other states. This is my first interim. We work on all sorts of bills and we have these priorities that headline and health care and everything that I testified last session on. The one that we receive the most calls on, was the social security tax. That blew my mind. I just thought you should know that people are thinking about that.

Senator Dotzenrod: Do you have that information on the people who are drawing social security that their poverty rate is such and such and that without that social security income, the poverty rate for that group would be a higher number? This was a couple years ago. I don't know. Can a person get that some place?

Mike Chaussee: I don't have it off the top of my head, but I would be shocked if we don't have it somewhere.

Chairman Cook: Please send any data that you can on that issue.

Mike Chaussee: I will do a little more research and put it in something that is readable.

Chairman Cook: Further testimony in support? Testimony opposed? Tax department do you have anything to offer?

Senator Kannianen: I don't know if they could speak to that, in terms of how challenging that would be to find that middle ground or have a narrow focus on low income or something like that.

Joe Becker, State Tax Department: Regarding states that offer a partial break, they general set AGI thresholds. Say your AGI was at 35,000 or 80,000, you are now taxed up to that point. When you go over, then they do. I do not know what their formulas are exactly. I will have to look.

Senator Dotzenrod: I would like to ask the committee if I could have some time to get this narrower. The bill generally gives this tax reduction to all categories of income. I would like to see if there is a way to target it to people that are in that middle group. I want to get some data and possibly an amendment.

Chairman Cook: Closed the hearing on SB 2277.

Mike Chaussee later emailed the clerk with attachments 1-3 including his written testimony, an AARP fact sheet, and a list of other states tax social security benefits.

Chairman Cook also later distributed a summary of state personal income taxes on pensions and retirement incomes. See attachment #4.

2019 SENATE STANDING COMMITTEE MINUTES

Finance and Taxation Committee
Lewis and Clark Room, State Capitol

SB 2277
1/23/2019
Job # 31116

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Alicia Larsgaard

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact a new subdivision to subsection 2 of section 57-38-30.3 of the North Dakota Century Code, relating to an income tax exclusion for social security benefits; to amend and reenact subsection 5 of section 57-02-08.1 and section 57-38-01.28 of the North Dakota Century Code, relating to the homestead tax credit and the marriage penalty credit; and to provide an effective date.

Minutes:

Attachments: 0

Chairman Cook: Called the Senate and Finance Committee to Order. Are we comfortable taking action on this?

Senator Patten: I would move a Do Not Pass on SB 2277.

Senator Kannianen: Seconded.

Chairman Cook: Any discussion?

A roll call vote was taken: 5 yeas, 1 no, 0 absent

Senator Kannianen will carry the bill.

Date: 1-23-19
Roll Call Vote #: 1

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2277

Senate Finance and Taxation Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☐ Do Pass ☒ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Patten Seconded By Kannianen

Senators	Yes	No	Senators	Yes	No
Chairman Cook	✓		Senator Dotzenrod		✓
Vice Chairman Kannianen	✓				
Senator Meyer	✓				
Senator Patten	✓				
Senator Unruh	✓				

Total (Yes) 5 No 1

Absent 0

Floor Assignment Kannianen

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2277: Finance and Taxation Committee (Sen. Cook, Chairman) recommends **DO NOT PASS** (5 YEAS, 1 NAYS, 0 ABSENT AND NOT VOTING). SB 2277 was placed on the Eleventh order on the calendar.

2019 TESTIMONY

SB 2277

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#1 pg. 1

AARP Real Possibilities in

North Dakota

January 22, 2019
House Finance and Tax Committee
Testimony on Social Security Tax Repeal – SB 2277
Mike Chaussee – AARP North Dakota
mchaussee@aarp.org or 701-390-0161

Chairman Cook, members of the Senate Finance and Tax Committee, I am Mike Chaussee, Advocacy Director for AARP North Dakota. Thank you for listening to AARP North Dakota's testimony in support of Senate Bill 2277, a repeal of the state tax on Social Security Benefits.

We represent our 88,000 members from across North Dakota, many of whom have lived here their entire lives. They work, they play, they travel, they help raise their grandkids, assist their neighbors and they vote. They also spend money.

In North Dakota people 50 and older spend about $14 billion a year. That's about 51 percent of consumer spending in the state. Yet, this group presently makes up only 33 percent of the population. We could rattle off a bunch of other economic statistics, but it really comes down to this – AARP North Dakota is committed to supporting or defending issues that help older North Dakotans;

1. Access affordable health care
2. Choose where they live – which includes having access to services and not being forced out of their homes or communities
3. Maintain financial stability

Eliminating the state tax on Social Security helps provide financial relief for many North Dakotans, especially those who live on fixed incomes. We testified last week on another bill that many North Dakota residents rely on Social Security for a large chunk of their income. Twenty-three percent of older North Dakotans rely on Social Security for more than 90 percent of their income. Forty-five percent rely on it for

more than half of their income. The average Social Security check in North Dakota is a little more than $1,300 a month. While we understand the people who make very little will not pay taxes on their Social Security, many people who land just above that threshold will. The Social Security exemption levels of $25,000 for a single resident and $32,000 for married filing jointly have not been adjusted for inflation in nearly 35 years. Our data gurus estimated that if the threshold would have kept up with inflation the numbers would look more like $63,000 and $111,000 today. In 1984, the median income was $21,000. That falls well below the threshold of $25,000 – so - in 1984 the person making the median income would not pay tax on Social Security. In 2016, the median income was $61,000. They're paying taxes on their Social Security at some of the highest levels.

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SB 2277
#1 pg. 2

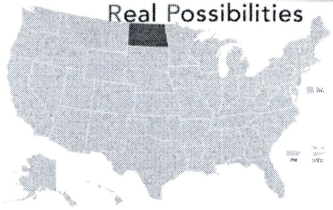
Now, to the shocker. North Dakota is one of three states (West Virginia and New Mexico being the others) that taxes Social Security at the federal government level. That's it. Ten other states do have a state tax on Social Security but they've created thresholds higher than the federal level – allowing for more people making moderate incomes to avoid the tax. Twenty-eight have state income tax, but do not tax Social Security at all – if this bill passes as written, North Dakota would become state number 29.

Before I take any questions, I'd like to share with you that during the interim, my first interim at AARP, we received a number of calls asking us to work on this issue. In fact, I think it's fair to say it is the number one advocacy related issue on our members' radar. Maybe that's because of recent work done in Minnesota to change its threshold, maybe it's because other states across the country have been making progress on this issue…either way, it caught our attention.

AARP supports Senate Bill 2277.

Thank you – Mike Chaussee, AARP North Dakota

AARP
Real Possibilities



AARP STATE FACT SHEET
NORTH DAKOTA

AARP has offices in all 50 states, Washington, DC, Puerto Rico and the US Virgin Islands.

Contact Information

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State Director
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National Office
Beverly Gilyard
Director of Federal Strategy
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202-434-3747

AARP is working to help Americans 50+ in North Dakota live life to the fullest. We advocate for our members on critical priorities, such as strengthening Social Security, protecting seniors' access to their doctors, and ensuring all Americans have independence and choice as they age.

AARP serves as a one-stop resource for information on the age 50+ population in North Dakota and public opinion research. In addition to serving as a clearinghouse for information about older Americans, we also offer programs and tools that help Americans age 50+ make the best decisions about their health and financial security. We hope the data below and the programs on the reverse side will be helpful to you and your constituents.

NORTH DAKOTA AT A GLANCE

AARP MEMBERS

Total number of AARP members in North Dakota: **85,624**

SOCIAL SECURITY

Social Security Beneficiaries: **125,786**
Retirees: **87,569**
Widow(er)s: **10,965**
Disabled Workers: **13,917**

Social Security recipients who rely on Social Security for 50% or more of their income: **45.3%**
Social Security recipients who rely on Social Security for 90% or more of their income: **23.1%**

MEDICARE

Total Medicare Beneficiaries: **~ 115,636**

HELPING PEOPLE LIVE INDEPENDENTLY

(Medicaid data for older adults and people with physical disabilities)

Percent of Medicaid long-term care spending for home and community-based services: **14.7%**
Percent of Medicaid long-term care spending for institutional care: **85.3%**

Estimated number of family caregivers during the year: **62,100**
Unpaid contributions of family caregivers annually are valued at: **$860 million**

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AARP: Helping Americans 50+ Live Their Best Lives
AARP is working to ensure Americans 50+ have choice, control and independence through every stage of their lives. Take advantage of these offerings that can enhance the lives of you, your family members and friends.

Getting Ready for Retirement
It's never too late to plan for retirement, and it doesn't have to be complicated. AARP offers award-winning, unbiased online tools and information that can help you make effective financial and health-related retirement decisions, such as determining how much money you will need, when to claim Social Security to maximize benefits, and how to navigate through and select Medicare choices. www.aarp.org/readyforretirement

Finding a Job or Starting a Business
Whether you're looking for a new job or thinking about starting your own business, AARP can help turn your goals and dreams into real possibilities. Check out www.aarp.org/work for tips, tools and other information on topics such as using social media to job hunt, finding a company that values your years of experience, and polishing your résumé. AARP is working with the Small Business Administration to provide mentoring and resources for people who want to start or grow a business; visit www.aarp.org/startabusiness. In addition, employers can find a variety of resources on recruiting and retaining experienced workers at www.aarp.org/employers.

Making Communities More Livable and Age-Friendly
AARP research shows that nearly 90 percent of people age 45 and older want to stay in their homes and communities for as long as possible. That's why AARP is helping cities, towns, counties and states become great places for people of all ages to live, work and play. Learn more about how communities are creating age-friendly housing and transportation options; safe, walkable streets; access to needed services; and opportunities for residents of all ages to participate in community activities. www.aarp.org/livable

Staying Ahead of the Curve with AARP Driver Safety
All drivers can sharpen their driving skills and refresh their knowledge of the rules of the road by taking the AARP Smart Driver Course, available in a classroom or online, in English or Spanish. In some states, participants may receive a multi-year auto insurance discount for completing the AARP Smart Driver Course (participants should consult their insurance agent for details). To learn more, visit www.aarp.org/drive or call 1-877-846-3299.

In addition, CarFit (www.aarp.org/carfit) can help you learn how your vehicle's design and operating features can better-fit your needs, and the We Need to Talk seminar(www.aarp.org/weneedtotalk) provide tips on how to recognize when it's time for family members to limit or stop driving, and how to discuss this topic with loved ones. Find state-specific driving information and enjoy personalized tools, games and programs at the AARP Driving Resource Center. www.aarp.org/drc

Staying Connected with Friends and Loved Ones by Sharpening Digital Skills
AARP TEK Academy can help you connect with friends, family and your passions through free, online courses on the topics of Intro to Smartphones and Tablets, Beyond the Basics with Smartphones and Tablets, Intro to Facebook and Other Social Networks, and Fraud Protection and Online Safety. In addition, AARPTEK and Kaplan University have partnered to offer LearningAdvisor, an online program offering over 33,000 courses from 20 different providers for free or at low-cost. Learn more at www.aarptek.org.

Caring for a Loved One
Caring for a family member or close friend is one of the most important —and complicated — roles you'll play. Find resources, tools, and support to help you manage the care of a loved one at www.aarp.org/caregiving or 877-333-5885.

Connect to Fun, Interactive Learning from AARP Community Programs In-Person or Online
Whether you're sharpening your skills to find a job, trying to connect with other family caregivers or want to learn how to use your mobile device, AARP Community Programs connects you to fun, interactive local events and e-learning – at no charge! Our in-person classes are offered in cities and towns nationwide, including in [insert city or state name]. You'll also find us at fairs, festivals and local events. And, you can learn online anytime through webinars, interactive videos, games, tools and online fairs. Find us in your community and access e-Learning at: www.aarp.org/academy.

Visit AARP North Dakota's website: http://states.aarp.org/region/north-dakota/

States that Exempt Social Security Benefits from Taxation

1. California
2. Oregon
3. Idaho
4. Arizona
5. Oklahoma
6. Iowa
7. Wisconsin
8. Illinois
9. Michigan
10. Ohio
11. Indiana
12. Kentucky
13. Louisiana
14. Arkansas
15. Mississippi
16. Alabama
17. Georgia
18. South Carolina
19. North Carolina
20. Virginia
21. Maryland
22. Delaware
23. Pennsylvania
24. New Jersey
25. New York
26. Rhode island
27. Massachusetts
28. Hawaii

States that Tax Social Security Benefits like the Federal Government ($25,000 and $32,000 thresholds)

1. New Mexico
2. West Virginia
3. North Dakota

States that Tax Social Security Benefits at a Higher Threshold than West Virginia, but Not a Complete Exemption

1. Montana
   Social Security benefits are taxable but the level is difficult to calculate because Montana taxes some types of income that the federal government does not, and vice versa.

2. Minnesota
   Social Security income is taxable, but a married couple can subtract $4,500 of their federally taxable Social Security benefits from their state income. (The break is $3,500 for single and head of household, $2,250 for married separate filers). Make more than $77,000 of income (for married filers) and the break gets phased out, and is gone for those with more than $99,500 of taxable income.

3. Utah
   Residents 65 and older may be able to claim a retirement-income tax credit of up to $450 per person ($900 per married couple), subject to income-eligibility limits. Taxpayers younger than 65 can claim a nonrefundable tax credit of up to 6% of eligible retirement income or $288, whichever is less. The credit is phased out at 2.5 cents per dollar of modified adjusted gross income over $16,000 for married individuals filing separately, $25,000 for singles and $32,000 for married people filing jointly. Retirement eligible income includes Social Security, public and private pensions and IRAs.

4. Colorado
   For beneficiaries younger than 65, up to $20,000 of Social Security benefits can be excluded from taxation, along with other retirement income. Those 65 and older can exclude Social Security benefits and other retirement income up to $24,000 from taxation.

5. Nebraska
   Social Security income included in federal adjusted gross income is exempt if a taxpayer's federal adjusted gross income is less than or equal to $58,000 for married couples filing jointly, or $43,000 for all other filers.

6. Kansas
   Social Security benefits are exempt from Kansas income tax for residents with a federal adjusted gross income of $75,000 or less.

7. Missouri
   Social Security benefits are not taxed for single taxpayers with adjusted gross income of less than $85,000 and married couples with adjusted gross income of less than $100,000. Taxpayers who exceed those income limits may qualify for a partial exemption on their benefits.

8. Vermont
   Social Security benefits are exempt for single filers making less than $45,000 a year and $60,000 for joint filers. This break phases out as income rises and expires for single filers making more than $55,000 and for joint filers making more than $70,000.

9. Connecticut
   Social Security is exempt for individual taxpayers with federal adjusted gross income of less than $50,000 and for married taxpayers filing jointly with federal adjusted gross income of less than $60,000

10. Rhode Island
    Rhode Island doesn't tax Social Security benefits for single filers with up to $80,000 in adjusted gross income and joint filers with up to $100,000 in adjusted gross income.

States with No Income Tax

1. Washington
2. Nevada
3. Alaska
4. Wyoming
5. South Dakota
6. Texas
7. Tennessee
8. Florida
9. New Hampshire

Summary: State Personal Income Taxes on Pensions and Retirement Income (2014)

- Some states provide a specific amount of exclusion for social security
- Some states provide a retirement income exclusion that taxpayers over a specified age (usually 62-65) can apply to non-earned and earned income
- Seven states have no personal income tax
- The District of Columbia and 27 states provide a full exclusion for social security benefits (Alabama, Arizona, Arkansas, California, Delaware, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Louisiana, Maine, Maryland, Massachusetts, Michigan, Mississippi, New Jersey, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Virginia and Wisconsin)
- 3 states provide a full exemption for lower-income taxpayers (Connecticut, Missouri and Kansas)
- 4 states exempt a portion of Social Security income, or all if the taxpayer meets an earnings test. (Connecticut, Kansas, Missouri and Montana)
- In 2014, 6 states taxed Social Security income to the extent it was federally taxed (Minnesota, Nebraska, North Dakota, Rhode Island, Vermont and West Virginia)
    - Beginning 2017 Minnesota allows a subtraction (based on total income) for social security income included in taxable Minnesota taxable income.
    - Beginning 2015 in Nebraska, Social Security benefits included in federal adjusted gross income are subtracted when computing Nebraska taxable income if: for married taxpayers filing a joint return, federal adjusted gross income is $58,000 or less; or for taxpayers filing any other return, federal adjusted gross income is $43,000 or less. Neb. Rev. Stat. § 77-2716(13), as added by 2014 Neb. L.B. 987, effective July 17, 2014. For taxable years beginning on or after Jan. 1, 2020, the subtraction amount for Social Security benefits will be adjusted using the same percentages used to adjust individual income tax brackets under Neb. Rev. Stat. § 77-2715.03.
    - Beginning 2016 in Rhode Island, taxpayers can subtract from federal AGI social security income taxed at the federal level if their federal AGI includes taxable income from Social Security, they have reached full retirement age (according to the Social Security Administration), and have a federal gross income of less than $80,000 ($100,000 for married filing jointly).
- 3 states have age-determined income exclusions which can remove some or all Social Security income from taxation (Colorado, Minnesota and West Virginia)
- The age-determined income tax credit in Utah can remove some or all Social Security income from taxation.
- 3 states require that federally untaxed Social Security benefits be added back to federal adjusted gross income to calculate the base against which their broad age-determined income exclusions apply (Kentucky, New Mexico and Utah)