

**Federal Update: P.L. 119-21  
Qualified Senior Subtraction  
Individual Income Tax**

	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>
			(\$000s)	
General Fund	(\$180,800)	(\$181,300)	(\$182,300)	(\$181,900)

Assumed to be effective for tax years 2025 through 2028.

Federal Public Law 119-21 created a temporary deduction for qualified seniors. A “qualified individual” is a taxpayer who has attained age 65 before the close of the tax year (and, on a joint return, the spouse if age 65 or older). For tax years beginning after December 31, 2024, and before January 1, 2029, the deduction equals \$6,000 per qualified individual per year (up to \$12,000 when both spouses are age 65 or older on a joint return).

The deduction is reduced by 6% of modified adjusted gross income above \$75,000 (\$150,000 for married joint filers). Married taxpayers must file a joint return to claim the deduction. The taxpayer must include a Social Security number (SSN) for each qualified individual.

The federal senior deduction does not affect adjusted gross income, the starting point for calculating Minnesota taxable income, and therefore has no automatic impact on Minnesota tax liability.

The proposal is to create a Minnesota subtraction equal to the federal deduction.

- The impacts of the proposed Minnesota equivalent subtraction were estimated using The House Income Tax Simulation Model (HITS 7.5). These simulations assume the same economic conditions used by Minnesota Management and Budget for the budget forecast published February 2025. The model uses a stratified random sample of tax year 2022 individual income tax returns compiled by the Minnesota Department of Revenue.
- About 432,600 returns would have an average decrease in tax of \$418 in tax year 2025.
- Tax year impacts were allocated to the following fiscal year.
- The first fiscal year impact will depend on the timing of enactment. This estimate assumes that the proposal would be enacted before the tax year 2025 filing season begins. If it were enacted later than that, some or all of the fiscal year 2026 impact would shift into fiscal year 2027.

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October 8, 2025