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ResearchReport

State Income Tax Exemptions on Social Security Benefits

By: Rute Pinho, Chief Legislative Analyst
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Issue

Does Connecticut tax Social Security benefits? How does Connecticut's tax treatment compare to other states? This report updates OLR Report 2018-R-0271.

Summary

Connecticut allows a 100% deduction for Social Security benefits for income taxpayers with incomes below $75,000 (for single filers) or $100,000 (for joint filers). For all other income taxpayers, it allows a partial deduction that results in no more than 25% of Social Security benefits received from being subject to income tax.

Connecticut is currently one of eight states (Colorado, Connecticut, Minnesota, Montana, New Mexico, Rhode Island, Utah, and Vermont) that either provide a limited income tax exemption for Social Security benefits or no exemption at all. (West Virginia previously allowed a limited exemption, but it allows a 100% exemption starting with the 2026 tax year (W. Va. Code § 11-21-12(c)(8)).)

Seven of the states generally allow a 100% deduction based on taxpayer income (Connecticut, Minnesota, New Mexico, Rhode Island, Utah, and Vermont) or age and income (Colorado). Montana is the exception; it taxes the portion of Social Security benefits that is taxable for federal income tax purposes. Five of the states allow a partial deduction for taxpayers that do not qualify for the 100% exemption (Colorado, Connecticut, Minnesota, Utah, and Vermont). In the remaining two states

(New Mexico and Rhode Island), taxpayers who do not qualify for the 100% exemption are subject to tax on the full amount of their federally taxable Social Security benefits.

State Income Tax Treatment of Social Security Benefits

As Table 1 below shows, 33 states fully exempt Social Security benefits from state income tax, seven allow a limited exemption, and one allows no exemption. (The remaining nine states (Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington, and Wyoming) do not impose a broad-based income tax.) Table 2 below briefly describes the tax treatment of Social Security benefits in the seven states that provide a limited income tax exemption for Social Security benefits.

Table 1: State Income Tax Treatment of Social Security Benefits, 2026

100% Exemption (33 states)			Limited Exemption (seven states)	No Exemption (one state)
Alabama	Kansas	New York	Colorado	Montana
Arizona	Kentucky	North Carolina	Connecticut	
Arkansas	Louisiana	North Dakota	Minnesota	
California	Maine	Ohio	New Mexico	
Delaware	Maryland	Oklahoma	Rhode Island	
Georgia	Massachusetts	Oregon	Utah	
Hawaii	Michigan	Pennsylvania	Vermont	
Idaho	Mississippi	South Carolina		
Illinois	Missouri	Virginia		
Indiana	Nebraska	West Virginia		
Iowa	New Jersey	Wisconsin		

Source: CCH State Tax SmartCharts

Table 2: States With Limited Exemptions for Social Security Benefits

State	Eligibility Parameters
Colorado *Colo. Rev. Stat. § 39-22-104(4)(f)*	100% exemption for taxpayers: • age 65 or older • age 55-64 with a federal adjusted gross income (AGI) of less than or equal to $75,000 for single filers or $95,000 for joint filers Up to $20,000 deduction for taxpayers age 55-64 with incomes above these thresholds

Table 2 (continued)

State	Eligibility Parameters
Connecticut [CGS § 12-701(a)(20)(B)(x)]()	100% exemption for taxpayers with federal AGI of less than: • $75,000 for single and married filing separately filers • $100,000 for joint and head of household filers Partial deduction for taxpayers with incomes at or above these thresholds; partial deduction equals the difference between the: • amount of Social Security benefits includable for federal income tax purposes and • lesser of 25% of the (1) Social Security benefits received during the tax year or (2) "excess of base amount" for federal tax purposes
Minnesota Minn. Stat. § 290.0132	100% exemption for taxpayers with federal AGI of less than or equal to: • $84,490 for single and head of household filers • $108,320 for joint filers • $54,160 for married filing separately filers* Partial exemption for taxpayers with incomes above these thresholds equal to the greater of two calculations: • "simplified subtraction" is the full amount of taxable Social Security benefits received, reduced by 10% for each $4,000 (or $2,000 for married filing separately filers) of AGI in excess of the applicable filing threshold above • "alternative subtraction" is the lesser of taxable Social Security benefits received and specified amounts ($5,840 for joint filers; $4,560 for single and head of household filers; and $2,920 for married filing separately filers), reduced by 20% of specified income over certain threshold amounts ($88,630 for joint filers; $69,250 for single and head of household filers; and $44,315 for married filing separately filers)
New Mexico N.M. Stat. Ann. § 7-2-5.14	100% exemption for taxpayers with federal AGI of less than or equal to: • $100,000 for single filers • $150,000 for joint and head of household filers • $75,000 for married filing separately filers No deduction for taxpayers with incomes above these thresholds
Rhode Island 44 R.I. Gen. Laws § 44-30-12(c)(8)	100% exemption for taxpayers with federal AGI of less than: • $107,000 for single, head of household, or married filing separately filers • $133,750 for married filing jointly filers* No exemption for taxpayers with incomes above these thresholds

Table 2 (continued)

State	Eligibility Parameters
Utah *Utah Code § 59-10-1042*	Taxpayers may claim a nonrefundable social security benefits credit instead of the state's general retirement credit (of up to $450 per individual) Credit equals taxable Social Security benefits multiplied by the current individual income tax rate (a flat 4.5% for the 2025 tax year), but phases out by $0.025 for each dollar by which AGI exceeds: • $54,000 for single filers • $90,000 for joint and head of household filers • $45,000 for married filing separately filers
Vermont *Vt. Stat. tit. 32, § 5830e*	100% exemption for taxpayers with federal AGI of less than or equal to: • $55,000 for single, head of household, and married filing separately filers • $70,000 for joint filers The exemption phases out for taxpayers with incomes between (1) $55,000 and $65,000 for single, head of household, and married filing separately filers and (2) $70,000 and $80,000 for joint filers; calculated as follows: • Difference between the filer's AGI and the exemption threshold ($65,000 or $80,000, as applicable) is divided by $10,000 and then multiplied by the amount of taxable Social Security benefits No exemption for taxpayers with incomes above these thresholds

Sources: CCH State Tax SmartCharts and state tax forms and instructions

* Income thresholds are annually adjusted for inflation. Amounts listed are for the 2025 tax year.

Background: Federal Tax Treatment of Social Security Benefits

Under federal law, the amount of Social Security benefits that is subject to income tax depends on a taxpayer's income from specified sources ("provisional income") and filing status. "Provisional income" generally includes a taxpayer's AGI, tax-exempt interest income, and 50% of Social Security benefits. Taxpayers must pay tax on a portion of their Social Security benefits if their "provisional income" exceeds $25,000 (for single filers) or $32,000 (for joint filers), as shown in Table 3 below. A recent Congressional Research Service report and Internal Revenue Service guidance describe the tax calculation in greater detail.

Table 3: Federally Taxable Social Security Benefits

Taxable Amount of Benefits	Provisional Income	
	Joint Filers	Single Filers
None (Exempt)	$32,000 or less	$25,000 or less
Up to 50% Taxable	$32,001 to $44,000	$25,001 to $34,000
Up to 85% Taxable	$44,001+	$34,001+

As Table 3 above shows, depending on a taxpayer's provisional income, up to 50% or up to 85% of their Social Security benefits is taxable. But regardless of income, at least 15% of the benefits are excluded from federal AGI and therefore exempt from federal income tax. Because most states have adopted federal AGI as the starting point for their state income tax calculations, any amounts excluded from federal AGI are automatically excluded from state income tax.

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