

This Document can be made available in alternative formats upon request

State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 4354

03/11/2020 Authored by Quam
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; gross revenues; providing a credit against the provider tax for
1.3 certain nonprofits; proposing coding for new law in Minnesota Statutes, chapter
1.4 295.

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

1.6 Section 1. [295.541] CHARITABLE NONPROFIT TAX CREDIT.

1.7 Subdivision 1. Definitions. (a) For the purposes of this section, the following definitions
1.8 apply.

1.9 (b) "Government insurance reimbursement rate" means the ratio, stated as a percentage,
1.10 of a qualified nonprofit entity's (1) gross revenues received attributable to payments from
1.11 government insurance to (2) total charges to government insurance.

1.12 (c) "Payments from government insurance" means the following payments received for
1.13 patient services:

1.14 (1) payments under the Medicaid program;

1.15 (2) payments from a health care plan administered by the United States Department of
1.16 Veterans Affairs;

1.17 (3) payments from the Minnesota senior health options demonstration project and the
1.18 Minnesota disability health options demonstration project, authorized under section 256B.69,
1.19 subdivision 23;

1.20 (4) payments from the MinnesotaCare program under sections 256L.01 to 256L.10; and

1.21 (5) payments from any other prepaid health plans under section 256B.69.

2.1 (d) "Payments from private insurance" means payments received for patient services
2.2 from a health insurance plan not described in paragraph (c).

2.3 (e) "Private insurance reimbursement rate" means the ratio, stated as a percentage, of a
2.4 qualified nonprofit entity's (1) gross revenues received attributable to payments from private
2.5 insurance to (2) total charges to private insurance.

2.6 (f) "Qualified nonprofit entity" means a health care provider that is exempt under section
2.7 501(c)(3) of the Internal Revenue Code as defined in section 289A.02, subdivision 7.

2.8 (g) "Reimbursement rate disparity" means the percentage point difference resulting from
2.9 a qualified nonprofit entity subtracting the entity's government insurance reimbursement
2.10 rate from the entity's private insurance reimbursement rate. The reimbursement rate disparity
2.11 may not be less than zero.

2.12 Subd. 2. **Credit allowed.** A qualified nonprofit entity is allowed a credit against the tax
2.13 under sections 295.52 to 295.59 as provided in this section.

2.14 Subd. 3. **Calculation of credit.** The credit under this section is the result of the following
2.15 calculation:

2.16 (1) dividing the qualified nonprofit entity's reimbursement rate disparity by 100;

2.17 (2) multiplying the qualified nonprofit entity's total gross receipts by the result of clause
2.18 (1);

2.19 (3) then subtracting from the qualified nonprofit entity's total gross receipts the result
2.20 of clause (2);

2.21 (4) then multiplying by the rate in section 295.52, subdivision 2, the result of clause (3);
2.22 and

2.23 (5) then determining the difference between the qualified nonprofit entity's tax due on
2.24 all gross receipts less the result of clause (4).

2.25 **EFFECTIVE DATE.** This section is effective for gross revenues received after June
2.26 30, 2020.