

Technical corrections were made to this notice on December 20, 2010 by Revenue Notice # 10-06. Please see Revenue Notice # 10-06 for the corrected language. Also, please review the technical corrections that were made to this notice on April 16, 2007 by Revenue Notice # 07-05.

Minnesota revenue notice

Revenue Notice # 93-15 MinnesotaCare - Charitable Donations

Minnesota Statutes, section 295.53, subdivision 1(11) provides that charitable donations are excluded from the gross revenues subject to the hospital, surgical center, or health care provider taxes under sections 295.50 to 295.57, if the charitable donations are not designated for providing patient services to a specific individual or group.

To qualify for this exemption the charitable donations:

1. must be given with donative intent; and
2. cannot be for the benefit of a specific individual or specific group.

Both elements must exist for a charitable donation to be deemed a qualified donation. The donation cannot be otherwise excludible from the tax base to qualify under this provision.

Donative Intent

A qualified donation must be given with donative intent. The requirements of donative intent include:

1. complete transfers of property;
2. the donor cannot receive health care or other types of benefits from the donee;
3. donations must be to a hospital, surgical center or health care provider;
4. the donor cannot direct that the donation be used to provide health care to individuals or groups to whom the donor has a contractual or other legal obligation to provide health care coverage.

Specific Individual or Group

A qualified donation cannot be directed to specific individuals or groups.

The term 'groups' does not exclude all donations where the number of potential beneficiaries is smaller than the general population. Donations to provide patient services to individuals with certain specified illnesses or within certain specified age groups, or within specified income brackets, are qualified donations. Donations given for the benefit of a group are qualified donations if the group is open to contain future members that are not identifiable at time of the transfer.

The restriction on donations designated for providing patient services to specific groups relates to groups such as a professional organization, a family, a business, an association, or a social club. Donations given for providing patient services to particular individuals identified by name or in any other way that expressly identifies them are not qualified donations. Donations given for providing patient services to a group where the members of the group are identifiable at the time of the gift are not qualified donations.

Examples

1. Qualified donations
 - a. Donations to a clinic for the treatment of pregnant teenagers.

b. Donations to provide patient services to low income people.

2. Non-qualified donations

a. Donations to provide patient services to groups based on employment.

b. Donations to provide patient services to groups consisting of family members.

c. Donations to provide patient services to groups based on membership in an organization.

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Michael E. Boekhaus, Director
Appeals, Legal Services & Criminal Investigation Division

Dated: August 2, 1993

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