MINNESOTA · REVENUE

MINNESOTACARE TAX
Eating Disorder Research Credit

April 9, 2013

	Yes	No
DOR Administrative Costs/Savings		x

Department of Revenue
Analysis of H.F. 1691 (Simon)

	Fund Impact			
	F.Y. 2014	**F.Y. 2015**	**F.Y. 2016**	**F.Y. 2017**
	(000's)			
Health Care Access Fund	$0	$0	$0	$0

Effective for gross revenue received after December 31, 2012.

EXPLANATION OF THE BILL

Current Law: Health care providers, hospitals, and surgical centers located in Minnesota are subject to a 2% tax on gross revenue from patient services. Proceeds from the tax are deposited in the Health Care Access Fund.

A hospital or provider may claim a research credit against the tax of up to 2.5% of revenue from patient services used to fund qualifying research. To qualify for the credit, the research must be a formal program of medical or health care research conducted by a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code or an entity owned and operated under the authority of a governmental unit. If the total amount of credits is expected to exceed $2.5 million in a calendar year, the rate must be adjusted to the nearest one-half percent so that the total amount of credits will most closely equal $2.5 million. The rate has been 1.5% since 2010.

Proposed Law: The bill would extend the research credit to include research conducted in coordination with a public or private higher education institution for the purposes of treating eating disorders.

REVENUE ANALYSIS DETAIL

- The bill would have no impact on the total amount of research credits. The credit rate is adjusted annually so that the total amount will generally not exceed $2.5 million per calendar year. If additional entities applied for the credit, the rate would be reduced and each claimant would receive a proportionately smaller credit.

Number of Taxpayers: Unknown. Fewer than five entities have claimed the research credit in each of the past three years.

Source: Minnesota Department of Revenue
Tax Research Division
www.revenue.state.mn.us/research_stats/Pages/Revenue-Analyses.aspx

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