

MINNESOTA • REVENUE

MINNESOTACARE TAX Eating Disorder Research Credit

April 1, 2014

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue

Analysis of S.F. 2685 (Dziedzic) As Proposed to be Amended (SCS2685A-2)

	<u>Fund Impact</u>			
	<u>F.Y. 2014</u>	<u>F.Y. 2015</u>	<u>F.Y. 2016</u>	<u>F.Y. 2017</u>
		(000's)		
Health Care Access Fund	\$0	\$0	\$0	\$0

As proposed to be amended, effective for gross revenue received after December 31, 2014.

EXPLANATION OF THE BILL

Current Law: Health care providers, hospitals, and surgical centers located in Minnesota are subject to a tax of 2% of gross revenue from patient services. Proceeds from the tax are deposited in the Health Care Access Fund, which is used primarily to fund the MinnesotaCare program.

A hospital or provider may claim a research credit 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 an entity which is exempt 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 MinnesotaCare research 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 MinnesotaCare research credits. The research credit rate is adjusted annually so that refunds 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.

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