

April 22, 2025

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue

Analysis SCS2669A6 amendment to S.F. 2669 (Wiklund), As Proposed to be Amended (SCS2669A50), Article 6, Sec 20-24

	Fund Impact			
	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>	<u>F.Y. 2028</u>	<u>F.Y. 2029</u>
		(000's)		
Health Care Access Fund	\$78,800	\$102,400	\$107,500	\$112,600

Effective for gross receipts received after June 30, 2025.

EXPLANATION OF THE BILL

Current Law: Health care providers, hospitals, and surgical centers are subject to a tax on gross revenue for patient services. In addition, wholesale drug distributors are subject to a tax on gross revenue from sale or distribution of prescription drugs delivered in Minnesota. The receipt of prescription drugs for resale or use in Minnesota from a source other than a wholesale drug distributor is also subject to a tax on the price paid for the drugs. The current rate for the previously mentioned taxes is 1.8%. Revenues are deposited in the Health Care Access Fund.

Proposed Law: The bill, as proposed to be amended, would increase the current tax rates from 1.8% to 2.0%.

REVENUE ANALYSIS DETAIL

- The estimates are based on the February 2025 Health Care Access Fund forecast.
- Health care providers and wholesale drug distributors pay MinnesotaCare taxes quarterly, with estimated payments due in April, July, October, and January. Since each payment is for revenue collected during the previous quarter, the first quarterly payment that would be affected by the proposal would be October 2025. The revenue impact for fiscal year 2026 is reduced to reflect three quarters of collections.
- Hospitals and surgical centers pay MinnesotaCare taxes monthly. The first monthly payment that would be affected by the proposal would be August 2025. The revenue impact for fiscal year 2026 is reduced to reflect eleven months of collections.

Minnesota Department of Revenue
Tax Research Division
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