

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 29

DATE: March 31, 2003

Version: First engrossment

Authors: Bradley and others

Subject: MinnesotaCare Provider Tax Repeal

Analyst: Randall Chun, 296-8639

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

Overview

This bill repeals the MinnesotaCare provider tax, increases the cigarette tax by \$1.00 per pack, and increases the tax on tobacco products by the same percentage as the increase in the cigarette tax. All changes are effective July 1, 2003.

Section

- 1 **Generally.** Amends § 13.4963, subd. 2. Makes a conforming change related to repeal of the MinnesotaCare provider tax.
- 2 **Definitions.** Amends § 62J.041, subd. 1. Makes a conforming change related to repeal of the MinnesotaCare provider tax.
- 3 **Exemption.** Amends § 62Q.095, subd. 6. Makes a conforming change related to repeal of the MinnesotaCare provider tax.
- 4 **Pass-through of savings to purchasers.** Adds § 62Q.752. Requires health plan companies to pass through to purchasers, in the form of reduced premium rates, savings resulting from the repeal of the MinnesotaCare provider taxes.
- 5 **Board cooperation required.** Amends § 214.16, subd. 2. Makes a conforming change related to repeal of the MinnesotaCare provider tax.
- 6 **Grounds for disciplinary action.** Amends § 214.16, subd. 3. Makes a conforming change related to repeal of the MinnesotaCare provider tax.
- 7 **Disclosure to commissioner of human services.** Amends § 270.14, subd. 1. Makes a conforming change related to repeal of the MinnesotaCare provider tax.
- 8 **Rates; cigarettes.** Amends § 297F.05, subd. 1. Increases the tax on packs of cigarettes by \$1.00 (to a total of \$1.48), effective July 1, 2003.
- 9 **Rates; tobacco products.** Amends § 297F.05, subd. 3. Increases the tax on tobacco products

Section

- by the same percentage as the increase in the cigarette tax, effective July 1, 2003.
- 10 Use tax; tobacco products.** Amends § 297F.05, subd. 4. Increases the tax on the use or storage of tobacco products, by the same percentage as the increase in the cigarette tax, effective July 1, 2003.
- 11 Price of stamps.** Amends § 297F.08, subd. 7. Adjusts the price of stamps sold to distributors, to reflect the increase in the cigarette tax.
- 12 Monthly return; tobacco products distributor.** Amends § 297F.09, subd. 2. Adjusts the amount that distributors retain for expenses, to reflect the increase in the tobacco products tax.
- 13 Deposit of proceeds.** Amends § 297F.10. Requires revenues resulting from increases in the taxes on cigarettes and tobacco products to be deposited into the health care access fund.
- 14 Floor stocks tax.** Imposes a floor stocks tax on cigarettes and tobacco products, equal to the increases in the taxes on cigarettes and tobacco products.
- 15 Repealer; MinnesotaCare provider taxes.** Repeals the MinnesotaCare provider taxes, and related sections of law, effective for gross revenues received after June 30, 2003.