HOUSE RESEARCH _______ Bill Summary __

FILE NUMBER: Version:	H.F. 2402 DATE: February 27, 2012 As amended by the author's H2402A1
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Subject:	Expand the medical device sales tax exemption
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Overview

Minnesota currently exempts a number of health care-related purchases from sales
tax regardless of purchaser. It also exempts durable medical equipment for home use
only, including repair and replacement parts but excluding parts for single-patient
use. The current definitions conform to the Streamlined Sales and Use Tax
Agreement (SSUTA) for allowed health care-related items.
This bill would expand the definitions of durable medical equipment to include
single-patient use items in the definition of durable medical equipment repair and
replacement parts and also expand the drug and medical device exemption to all
items purchased in transactions covered by Medicare or Medicaid.
The proposed changes to the definition of exempt health care items are allowed as
modifications to the health care definitions under SSUTA.
The bill also provides a new exemption for accessories and supplies required for
effective use of durable medical equipment when purchased for home use or as part
of a transaction covered by Medicare or Medicaid and for effective use of a
prosthetic device, regardless of purchaser. The SSUTA definition of "repair or
replacement parts" for durable medical equipment or prosthetic device does not allow
inclusion of these items, which is why they are a separate exemption.
Both provisions are retroactive to purchases made after April 1, 2009.
Drugs, medical devices. Expands the definition of exempt "durable medical equipment" to include
single-patient use items. The inclusion of single-patient use items is allowable under the SSUTA definition.
Expands the sales tax exemption to cover any taxable item when purchased as part of a transaction
covered by Medicare and Medicaid. This language expands the exemption beyond the items
explicitly listed in the current exemption and would include other items such as bandages and
dressings, needles and syringes, air purifiers, etc.
Provides a definition of when a transaction is considered to be covered by Medicare or Medicaid.
Effective retroactively for purchases made after April 1, 2009.
Accessories and supplies. Exempts accessories and supplies required for effective use of durable
medical equipment when purchased for home use or as part of a transaction covered by Medicare or
Medicaid and for effective use of a prosthetic device, regardless of purchaser. These are accessories

1

2

and supplies that do not meet the definition of "repair and replacement parts" already included in the exemption in section 1.

Effective retroactively for purchases made after April 1, 2009.