

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 79

**DATE:** January 14, 2011

**Version:** With H0079A2 amendment

**Authors:** Davids

**Subject:** Federal conformity; income exclusion for health coverage of adult children up to age 26, tax year 2010 only

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### Overview

Updates the definition of net income for tax year 2010 only to conform to the change made by Public Law 111-152, "The Health Care and Education Reconciliation Act of 2010," that allows the exclusion from taxable income of health insurance coverage of adult children up to and including age 26, for both employees and the self-employed.

#### Section

**1 Net income.** Conforms Minnesota's definition of net income for the individual income tax for tax year 2010 only to the federal definition as revised by the provision of Public Law 111-152, "The Health Care and Education Reconciliation Act of 2010," that extends the existing exclusion from gross income of health care coverage for dependents to adult children of the taxpayer through age 26. Under prior federal law, the exclusion was limited to dependents who were

- under age 19
- students under age 24, or
- permanently and totally disabled

The federal health care reform law mandated that health insurance plans make dependent coverage available to unmarried adult children through age 26, effective for plan years beginning on or after September 23, 2010. In addition, Minnesota requires that employers offer dependent coverage to unmarried adult children through age 25.

**2 Corrected forms W-2 not required.** Provides that employers are not required to issue corrected 2010 W-2s to employees if they have already issued W-2s for 2010 that show the value of health insurance coverage provided to adult children under age 27 that was

includible in state taxable income under prior law.