

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 1628
Version: As introduced

DATE: March 23, 2015

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Subject: Modifying the sales tax exemption for durable medical equipment and supplies

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Overview

This bill allows an extra year in which to file claims for refunds allowed in 2014 on purchases of certain durable medical equipment and associated supplies. It also expands the sales tax exemption on accessories and supplies necessary to using durable medical equipment if the purchase is covered by an insurance plan. The expansion is retroactive to April 1, 2009, and vendors may apply for a refund if they remitted taxes to the state for these purchases but never collected the tax from the purchasers.

In 2013 the legislature expanded the existing sales tax exemption for durable medical equipment for home use to cover all medical equipment purchases covered by Medicare and Medicaid. An exemption was also enacted in 2013 for accessories and supplies necessary to using the durable medical equipment purchased for home use, or covered by Medicare or Medicaid.

In 2014 both of the 2013 exemptions were made retroactive to purchases made after April 1, 2009, and vendors were allowed to apply for a refund for taxes remitted on exempt sales made between April 1, 2009, and June 30, 2013, provided that the taxes were never collected from the purchaser. Under current law all claims for refunds must be filed by June 30, 2015.

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- 1 Accessories and supplies.** Expands the sales tax exemption for accessories and supplies required for use of durable medical equipment to include purchases covered by any insurance plan. Currently these accessories and supplies are exempt when purchased for home use or if

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the purchase is covered by Medicare or Medicaid. All refund claims must be filed by June 30, 2016.

Effective retroactively to purchases made after April 1, 2009. However a vendor may only apply for a refund on the sales tax they remitted to the state on sales made between April 1, 2009, and June 30, 2015, provided that they never collected the tax from the purchaser in the first place.

- 2** **Effective date (refunds for tax paid on durable medical devices).** Extends the period in which vendors may apply for a refund of tax paid to the state, but not collected from the purchaser, on durable medical equipment purchases covered by Medicare or Medicaid by one year, to June 30, 2016.
- 3** **Effective date (refunds on accessories and supplies).** Extends the period in which vendors may apply for a refund of tax paid to the state, but not collected from the purchaser, on accessories and supplies necessary for using durable medical equipment covered by Medicare or Medicaid by one year, to June 30, 2016.