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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. 1797

02/27/2017 Authored by McDonald, Davids and Knoblach
The bill was read for the first time and referred to the Committee on Taxes
03/01/2017 By motion, recalled and re-referred to the Committee on Health and Human Services Reform

A bill for an act

relating to taxation; income; gross revenues and gross receipts; modifying provisions related to the long term care credit, pharmacy refund, and disclosure to the commissioner of human services; amending Minnesota Statutes 2016, sections 270B.14, subdivision 1; 289A.38, subdivision 6; 290.0672, subdivision 1; 295.54, subdivision 2.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2016, section 270B.14, subdivision 1, is amended to read:

Subdivision 1. Disclosure to commissioner of human services. (a) On the request of the commissioner of human services, the commissioner shall disclose return information regarding taxes imposed by chapter 290, and claims for refunds under chapter 290A, to the extent provided in paragraph (b) and for the purposes set forth in paragraph (c).

(b) Data that may be disclosed are limited to data relating to the identity, whereabouts, employment, income, and property of a person owing or alleged to be owing an obligation of child support.

(c) The commissioner of human services may request data only for the purposes of carrying out the child support enforcement program and to assist in the location of parents who have, or appear to have, deserted their children. Data received may be used only as set forth in section 256.978.

(d) The commissioner shall provide the records and information necessary to administer the supplemental housing allowance to the commissioner of human services.

(e) At the request of the commissioner of human services, the commissioner of revenue shall electronically match the Social Security numbers and names of participants in the

2.1 telephone assistance plan operated under sections 237.69 to 237.71, with those of property
 2.2 tax refund filers, and determine whether each participant's household income is within the
 2.3 eligibility standards for the telephone assistance plan.

2.4 (f) The commissioner may provide records and information collected under sections
 2.5 295.50 to 295.59 to the commissioner of human services for purposes of the Medicaid
 2.6 Voluntary Contribution and Provider-Specific Tax Amendments of 1991, Public Law
 2.7 102-234. Upon the written agreement by the United States Department of Health and Human
 2.8 Services to maintain the confidentiality of the data, the commissioner may provide records
 2.9 and information collected under sections 295.50 to 295.59 to the Centers for Medicare and
 2.10 Medicaid Services section of the United States Department of Health and Human Services
 2.11 for purposes of meeting federal reporting requirements.

2.12 (g) The commissioner may provide records and information to the commissioner of
 2.13 human services as necessary to administer the early refund of refundable tax credits.

2.14 (h) The commissioner may disclose information to the commissioner of human services
 2.15 as necessary to verify income for income verification for eligibility and premium payment
 2.16 under the MinnesotaCare program, under section 256L.05, subdivision 2, as well as the
 2.17 medical assistance program under chapter 256B.

2.18 (i) The commissioner may disclose information to the commissioner of human services
 2.19 necessary to verify whether applicants or recipients for the Minnesota family investment
 2.20 program, general assistance, food support, Minnesota supplemental aid program, and child
 2.21 care assistance have claimed refundable tax credits under chapter 290 and the property tax
 2.22 refund under chapter 290A, and the amounts of the credits.

2.23 (j) The commissioner may disclose information to the commissioner of human services
 2.24 necessary to verify income for purposes of calculating parental contribution amounts under
 2.25 section 252.27, subdivision 2a.

2.26 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.27 Sec. 2. Minnesota Statutes 2016, section 289A.38, subdivision 6, is amended to read:

2.28 Subd. 6. **Omission in excess of 25 percent.** Additional taxes may be assessed within
 2.29 6-1/2 years after the due date of the return or the date the return was filed, whichever is
 2.30 later, if:

2.31 (1) the taxpayer omits from gross income an amount properly includable in it that is in
 2.32 excess of 25 percent of the amount of gross income stated in the return;

3.1 (2) the taxpayer omits from a sales, use, or withholding tax return, or a return for a tax
3.2 imposed under section 295.52, an amount of taxes in excess of 25 percent of the taxes
3.3 reported in the return; or

3.4 (3) the taxpayer omits from the gross estate assets in excess of 25 percent of the gross
3.5 estate reported in the return.

3.6 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.7 Sec. 3. Minnesota Statutes 2016, section 290.0672, subdivision 1, is amended to read:

3.8 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
3.9 the meanings given.

3.10 (b) "Long-term care insurance" means a policy that:

3.11 (1) qualifies for a deduction under section 213 of the Internal Revenue Code, disregarding
3.12 ~~the 7.5 percent~~ adjusted gross income test; or meets the requirements given in section 62A.46;
3.13 or provides similar coverage issued under the laws of another jurisdiction; and

3.14 (2) has a lifetime long-term care benefit limit of not less than \$100,000; and

3.15 (3) has been offered in compliance with the inflation protection requirements of section
3.16 62S.23.

3.17 (c) "Qualified beneficiary" means the taxpayer or the taxpayer's spouse.

3.18 (d) "Premiums deducted in determining federal taxable income" means the lesser of (1)
3.19 long-term care insurance premiums that qualify as deductions under section 213 of the
3.20 Internal Revenue Code; and (2) the total amount deductible for medical care under section
3.21 213 of the Internal Revenue Code.

3.22 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
3.23 after December 31, 2012.

3.24 Sec. 4. Minnesota Statutes 2016, section 295.54, subdivision 2, is amended to read:

3.25 Subd. 2. **Pharmacy refund.** A pharmacy may claim an annual refund against the total
3.26 amount of tax, if any, the pharmacy owes during that calendar year under section 295.52,
3.27 subdivision 4. The refund shall equal the amount paid by the pharmacy to a wholesale drug
3.28 distributor subject to tax under section 295.52, subdivision 3, for legend drugs delivered by
3.29 the pharmacy outside of Minnesota, multiplied by the tax percentage specified in section
3.30 295.52, subdivision 3. If the amount of the refund exceeds the tax liability of the pharmacy
3.31 under section 295.52, subdivision 4, the commissioner shall provide the pharmacy with a

4.1 refund equal to the excess amount. Each qualifying pharmacy must apply for the refund on
4.2 the annual return as ~~provided under section 295.55, subdivision 5~~ prescribed by the
4.3 commissioner, on or before March 15 of the year following the calendar year the legend
4.4 drugs were delivered outside Minnesota. The refund ~~must be claimed within 18 months~~
4.5 ~~from the date the drugs were delivered outside of Minnesota~~ shall not be allowed if the
4.6 initial claim for refund is filed more than one year after the original due date of the return.

4.7 Interest on refunds paid under this subdivision will begin to accrue 60 days after the date a
4.8 claim for refund is filed. For purposes of this subdivision, the date a claim is filed is the due
4.9 date of the return if a return is due or the date of the actual claim for refund, whichever is
4.10 later.

4.11 **EFFECTIVE DATE.** This section is effective for qualifying legend drugs delivered
4.12 outside Minnesota after December 31, 2017.