

State of Minnesota

H. F. No. 3979

1.1 A bill for an act

1.2 relating to taxation; individual income; creating an excess premium credit for

1.3 health insurance; proposing coding for new law in Minnesota Statutes, chapter

1.4 290.

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

1.6 Section 1. **[290.0694] EXCESS PREMIUM CREDIT.**

1.7 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have

1.8 the meanings given.

1.9 (b) "Eligible taxpayer" means a taxpayer that:

1.10 (1) has a modified adjusted gross income in excess of the income eligibility limit for the

1.11 MinnesotaCare program under section 256L.04; and

1.12 (2) is not eligible for a premium tax credit under Code of Federal Regulations, title 26,

1.13 section 1.36B-2, due to the taxpayer:

1.14 (i) having household income in excess of 400 percent of the federal poverty line for the

1.15 taxpayer's family size for the taxable year; or

1.16 (ii) declining coverage under an employer-sponsored health plan through a spouse's

1.17 employer that is deemed minimal essential coverage under Code of Federal Regulations,

1.18 title 26, section 1.36B-2, but only if the annual premium for the declined coverage the

1.19 employed spouse must pay for employee and dependent coverage exceeds the required

1.20 contribution percentage described in Code of Federal Regulations, title 26, section 1.36B-2.

1.21 (c) "Excess premium" means the annual amount paid by a taxpayer to purchase a plan

1.22 described in section 5000A(f)(1)(C) of the Internal Revenue Code in excess of 120 percent

of the statewide average premium for the metal level purchased by the taxpayer for that year.

(d) "Gold plan" means a gold level plan as defined in defined in United States Code, title 42, section 18022(d)(1)(C).

(e) "Metal level" means the level of coverage as defined in United States Code, title 42, section 18022(d).

(f) "Silver plan" means a silver level plan as defined in United States Code, title 42, section 18022(d)(1)(B).

(g) The commissioner may consult with the commissioner of human services in administering this subdivision.

Subd. 2. **Credit allowed.** An eligible taxpayer is allowed an excess premium credit against the tax due under this chapter. For a taxpayer that purchases a silver plan, the credit equals 100 percent of the taxpayer's excess premium paid for the purchase of that plan, subject to the limitations under subdivisions 2 and 3. For a taxpayer that purchases a gold plan, the credit equals 75 percent of the taxpayer's excess premium paid for the purchase of that plan, subject to the limitations under subdivisions 2 and 3.

Subd. 3. **Maximum credit.** The maximum credit allowed under this subdivision is \$10,000. For married couples filing a joint return, the maximum credit is reduced by ten percent of federal adjusted gross income in excess of \$150,000. For all other filers, the maximum credit is reduced by 20 percent of federal adjusted gross income in excess of \$75,000. In no case is the credit less than zero.

Subd. 4. **Part-year residents.** For a nonresident or a part-year resident taxpayer, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2019.