

SENATE

STATE OF MINNESOTA

EIGHTY-EIGHTH SESSION

S.F. No. 2685

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DATE	D-PG	OFFICIAL STATUS
03/17/2014	6275	Introduction and first reading Referred to Taxes

1.1

A bill for an act

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relating to taxation; gross revenues taxes; modifying credits to include treatment

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of eating disorders; amending Minnesota Statutes 2012, section 295.53,

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subdivision 4a.

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

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Section 1. Minnesota Statutes 2012, section 295.53, subdivision 4a, is amended to read:

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Subd. 4a. **Credit for research.** (a) In addition to the exemptions allowed under

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subdivision 1, a hospital or health care provider may claim an annual credit against the

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total amount of tax, if any, the hospital or health care provider owes for that calendar year

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under sections 295.50 to 295.57. The credit shall equal 2.5 percent of revenues for patient

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services used to fund expenditures for qualifying research conducted by an allowable

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research program. The amount of the credit shall not exceed the tax liability of the hospital

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or health care provider under sections 295.50 to 295.57.

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(b) For purposes of this subdivision, the following requirements apply:

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(1) expenditures must be for program costs of qualifying research conducted by

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an allowable research program;

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(2) an allowable research program must be a formal program of medical and health

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care research conducted by an entity which is exempt under section 501(c)(3) of the

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Internal Revenue Code as defined in section 289A.02, subdivision 7, or is owned and

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operated under authority of a governmental unit, or conducted in coordination with a

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public or private higher education institution for the purposes of treating eating disorders;

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(3) qualifying research must:

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(A) be approved in writing by the governing body of the hospital or health care

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provider which is taking the deduction under this subdivision;

(B) have as its purpose the development of new knowledge in basic or applied science relating to the diagnosis and treatment of conditions affecting the human body;

(C) be subject to review by individuals with expertise in the subject matter of the proposed study but who have no financial interest in the proposed study and are not involved in the conduct of the proposed study; and

(D) be subject to review and supervision by an institutional review board operating in conformity with federal regulations if the research involves human subjects or an institutional animal care and use committee operating in conformity with federal regulations if the research involves animal subjects. Research expenses are not exempt if the study is a routine evaluation of health care methods or products used in a particular setting conducted for the purpose of making a management decision. Costs of clinical research activities paid directly for the benefit of an individual patient are excluded from this exemption. Basic research in fields including biochemistry, molecular biology, and physiology are also included if such programs are subject to a peer review process.

(c) No credit shall be allowed under this subdivision for any revenue received by the hospital or health care provider in the form of a grant, gift, or otherwise, whether from a government or nongovernment source, on which the tax liability under section 295.52 is not imposed.

(d) The taxpayer shall apply for the credit under this section on the annual return under section 295.55, subdivision 5.

(e) Beginning September 1, 2001, if the actual or estimated amount paid under this section for the calendar year exceeds \$2,500,000, the commissioner of management and budget shall determine the rate of the research credit for the following calendar year to the nearest one-half percent so that refunds paid under this section will most closely equal \$2,500,000. The commissioner of management and budget shall publish in the State Register by October 1 of each year the rate of the credit for the following calendar year. A determination under this section is not subject to the rulemaking provisions of chapter 14.

**EFFECTIVE DATE.** This section is effective for gross revenues received after December 31, 2012.