A bill for an act

relating to taxation; providing for a contingent reduction in the MinnesotaCare provider tax; amending Minnesota Statutes 2010, sections 295.52, by adding a subdivision; 297I.05, subdivision 5.

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

Section 1. Minnesota Statutes 2010, section 295.52, is amended by adding a subdivision to read:

Subd. 8. **Contingent reduction in tax rate.** (a) On July 1 of each year, beginning July 1, 2011, the commissioner of management and budget shall determine the projected revenues and expenditures from the health care access fund for the tax year beginning the following January 1, based on the most recent February forecast and any legislative session changes.

(b) If the commissioner of management and budget determines that the projected revenues for the following tax year plus any projected balance from the previous June 30 exceed 125 percent of the projected health care access fund expenditures for the following tax year, then the commissioner of management and budget, in consultation with the commissioner of revenue, shall reduce the tax rates for the taxes levied under subdivisions 1, 1a, 2, 3, and 4, effective on January 1 of the following tax year, so that projected revenues in the following tax year plus any projected balance from the previous June 30 equal 125 percent of projected expenditures.

(c) The dollar value of the rate reduction in paragraph (b) must be proportional to the share of total health care access fund revenue raised by the taxes levied under subdivisions 1, 1a, 2, 3, and 4, and the commissioner of management and budget shall coordinate this rate reduction with the rate reduction authorized in section 297I.05, subdivision 5.

Sec. 2. Minnesota Statutes 2010, section 297I.05, subdivision 5, is amended to read:

Subd. 5. **Health maintenance organizations, nonprofit health service plan corporations, and community integrated service networks.** (a) A tax is imposed on health maintenance organizations, community integrated service networks, and nonprofit health care service plan corporations. The rate of tax is equal to one percent of gross premiums less return premiums on all direct business received by the organization, network, or corporation or its agents in Minnesota, in cash or otherwise, in the calendar year.

(b) The commissioner shall deposit all revenues, including penalties and interest, collected under this chapter from health maintenance organizations, community integrated service networks, and nonprofit health service plan corporations in the health care access fund. Refunds of overpayments of tax imposed by this subdivision must be paid from the health care access fund. There is annually appropriated from the health care access fund to the commissioner the amount necessary to make any refunds of the tax imposed under this subdivision.

(c) On July 1 of each year, beginning July 1, 2011, the commissioner of management and budget shall determine the projected revenues and expenditures from the health care access fund for the tax year beginning the following January 1, based on the most recent February forecast and any legislative session changes.

(d) If the commissioner of management and budget determines that the projected revenues for the following tax year plus any projected balance from the previous June 30 exceed 125 percent of the projected health care access fund expenditures for the following tax year, then the commissioner of management and budget, in consultation with the commissioner of revenue, shall reduce the tax rate for the tax levied under paragraph (a), effective on January 1 of the following tax year, so that projected revenues in the following tax year plus any projected balance from the previous June 30 equal 125 percent of projected expenditures.

(e) The dollar value of the rate reduction in paragraph (d) must be proportional to the share of total health care access fund revenue raised by the tax levied under paragraph (a), and the commissioner of management and budget shall coordinate this rate reduction with the rate reduction authorized in section 295.52, subdivision 8.