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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 2071

03/10/2025

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The bill was read for the first time and referred to the Committee on Commerce Finance and Policy

1.1 A bill for an act

1.2 relating to taxation; insurance premium tax; modifying the tax on health insurers;

1.3 amending Minnesota Statutes 2024, sections 297I.01, subdivision 6a, by adding

1.4 a subdivision; 297I.05, subdivision 5; 297I.20, subdivision 1; repealing Minnesota

1.5 Statutes 2024, section 297I.01, subdivisions 4, 10, 11.

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

1.7 Section 1. Minnesota Statutes 2024, section 297I.01, subdivision 6a, is amended to read:

1.8 Subd. 6a. **Direct business.** (a) "Direct business" means all insurance provided by an

1.9 insurance company or its agents, and specifically includes stop-loss insurance purchased

1.10 in connection with a self-insurance plan for employee health benefits or for other purposes,

1.11 but excludes:

1.12 (1) reinsurance in which an insurance company assumes the liability of another insurance

1.13 company; and

1.14 (2) self-insurance.

1.15 (b) For purposes of this subdivision, an insurance company includes a ~~nonprofit health~~

1.16 ~~service corporation, health maintenance organization, and community integrated service~~

1.17 ~~network~~ health plan company.

1.18 **EFFECTIVE DATE.** This section is effective for premiums received after December

1.19 31, 2025.

2.1 Sec. 2. Minnesota Statutes 2024, section 297I.01, is amended by adding a subdivision to
2.2 read:

2.3 Subd. 17. **Health plan company.** "Health plan company" means a health plan company
2.4 as defined in section 62Q.01, subdivision 4; a county-based purchasing plan authorized
2.5 under section 256B.692; an integrated health partnership authorized under section 256B.0755;
2.6 and a group health plan sponsor. Notwithstanding the foregoing, health plan company does
2.7 not include a corporation as defined in section 317A.011, a nonprofit limited liability
2.8 company organized under section 322C.1101, or a foreign nonprofit entity.

2.9 **EFFECTIVE DATE.** This section is effective for premiums received after December
2.10 31, 2025.

2.11 Sec. 3. Minnesota Statutes 2024, section 297I.05, subdivision 5, is amended to read:

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

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

2.26 **EFFECTIVE DATE.** This section is effective for premiums received after December
2.27 31, 2025.

2.28 Sec. 4. Minnesota Statutes 2024, section 297I.20, subdivision 1, is amended to read:

2.29 Subdivision 1. **Guaranty association assessment offsets.** (a) An insurance company
2.30 or ~~health maintenance organization~~ plan company may offset against its premium tax liability
2.31 to this state any amount paid for assessments made for insolvencies under sections 60C.01
2.32 to 60C.22; and any amount paid for assessments under sections 61B.18 to 61B.32 as follows:

3.1 (1) Each such assessment shall give rise to an amount of offset equal to 20 percent of
3.2 the amount of the assessment for each of the five calendar years following the year in which
3.3 the assessment was paid.

3.4 (2) The amount of offset initially determined for each taxable year is the sum of the
3.5 amounts determined under clause (1) for that taxable year.

3.6 (b)(1) Each year the commissioner shall compare total guaranty association assessments
3.7 levied over the preceding five calendar years to the sum of all premium tax and corporate
3.8 franchise tax revenues collected from insurance companies and health ~~maintenance~~
3.9 ~~organizations~~ plan companies, without reduction for any guaranty association assessment
3.10 offset in the preceding calendar year, referred to in this subdivision as "preceding year
3.11 insurance tax revenues."

3.12 (2) If total guaranty association assessments levied over the preceding five years exceed
3.13 the preceding year insurance tax revenues, insurance companies and health ~~maintenance~~
3.14 ~~organizations~~ plan companies must be allowed only a proportionate part of the premium
3.15 tax offset calculated under paragraph (a) for the current calendar year.

3.16 (3) The proportionate part of the premium tax offset allowed in the current calendar year
3.17 is determined by multiplying the amount calculated under paragraph (a) by a fraction. The
3.18 numerator of the fraction equals the preceding year insurance tax revenues, and its
3.19 denominator equals total guaranty association assessments levied over the preceding five-year
3.20 period.

3.21 (4) The proportionate part of the premium tax offset that is not allowed must be carried
3.22 forward to subsequent tax years and added to the amount of premium tax offset calculated
3.23 under paragraph (a) prior to application of the limitation imposed by this paragraph.

3.24 (5) Any amount carried forward from prior years must be allowed before allowance of
3.25 the offset for the current year calculated under paragraph (a).

3.26 (6) The premium tax offset limitation must be calculated separately for (i) insurance
3.27 companies subject to assessment under sections 60C.01 to 60C.22, and (ii) insurance
3.28 companies or health ~~maintenance organizations~~ plan companies subject to assessment under
3.29 sections 61B.18 to 61B.32.

3.30 (7) When the premium tax offset is limited by this provision, the commissioner shall
3.31 notify affected insurance companies or health ~~maintenance organizations~~ plan companies
3.32 on a timely basis for purposes of completing premium and corporate franchise tax returns.

4.1 (8) The guaranty associations created under sections 60C.01 to 60C.22 and 61B.18 to
 4.2 61B.32 shall provide the commissioner with the necessary information on guaranty
 4.3 association assessments.

4.4 (c)(1) If the offset determined by the application of paragraphs (a) and (b) exceeds the
 4.5 insurance company's or health ~~maintenance organization's~~ plan company's premium tax
 4.6 liability under this section prior to allowance of the credit for premium taxes, then the
 4.7 insurance company or health ~~maintenance organization~~ plan company may carry forward
 4.8 the excess, referred to in this subdivision as the "carryforward credit" to subsequent taxable
 4.9 years.

4.10 (2) The carryforward credit is allowed as an offset against premium tax liability for the
 4.11 first succeeding year to the extent that the premium tax liability for that year exceeds the
 4.12 amount of the allowable offset for the year determined under paragraphs (a) and (b).

4.13 (3) The carryforward credit must be reduced, but not below zero, by the amount of the
 4.14 carryforward credit allowed as an offset against the premium tax under this paragraph. The
 4.15 remainder, if any, of the carryforward credit must be carried forward to succeeding taxable
 4.16 years until the entire carryforward credit has been credited against the insurance company's
 4.17 or health ~~maintenance organization's~~ plan company's liability for premium tax under this
 4.18 chapter if applicable for that taxable year.

4.19 (d) When an insurer or health ~~maintenance organization~~ plan company has offset against
 4.20 taxes its payment of an assessment of the Minnesota Life and Health Guaranty Association,
 4.21 and the association pays the insurer or health ~~maintenance organization~~ plan company a
 4.22 refund with respect to the assessment under section 61B.24, subdivision 6, then the refund
 4.23 reduces the insurer's or health ~~maintenance organization's~~ plan company's carryforward
 4.24 credit under paragraph (c). If the refund exceeds the amount of the carryforward credit, the
 4.25 excess amount must be repaid to the state by the insurers or health ~~maintenance organizations~~
 4.26 plan companies to the extent of the offset in the manner the commissioner requires.

4.27 **EFFECTIVE DATE.** This section is effective for premiums received after December
 4.28 31, 2025.

4.29 Sec. 5. **REPEALER.**

4.30 Minnesota Statutes 2024, section 297I.01, subdivisions 4, 10, and 11, are repealed.

4.31 **EFFECTIVE DATE.** This section is effective for premiums received after December
 4.32 31, 2025.

APPENDIX
Repealed Minnesota Statutes: 25-02078

297L.01 DEFINITIONS.

Subd. 4. **Community integrated service network.** "Community integrated service network" has the meaning given in section 62N.02, subdivision 4a.

Subd. 10. **Health maintenance organization.** "Health maintenance organization" has the meaning given in section 62D.02, subdivision 4.

Subd. 11. **Nonprofit health service plan corporation.** "Nonprofit health service plan corporation" has the meaning given in section 62C.02, subdivision 6.