

**SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION**

S.F. No. 2349

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DATE
03/11/2019

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781 Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to taxation; individual income; creating a health insurance premium credit;
1.3 proposing coding for new law in Minnesota Statutes, chapter 290.

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

1.5 Section 1. [290.0687] HEALTH INSURANCE PREMIUM CREDIT.

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

1.8 (b) "Eligible taxpayer" means a taxpayer who:

1.9 (1) has purchased a plan described in section 500A(f)(1)(C) of the Internal Revenue
1.10 Code;

1.11 (2) has a modified adjusted gross income in excess of the income eligibility limit for the
1.12 MinnesotaCare program under section 256L.04; and

1.13 (3) is not eligible for a premium tax credit under Code of Federal Regulations, title 26,
1.14 section 1.36B-2, due to:

1.15 (i) household income in excess of 400 percent of the federal poverty line for the taxpayer's
1.16 family size for the taxable year; or

1.17 (ii) access to an employer-sponsored health plan through a spouse's employer that is
1.18 deemed minimum essential coverage under Code of Federal Regulations, title 26, section
1.19 1.36B-2, where the annual premium the employee must pay for employee and dependent
1.20 coverage exceeds the required contribution percentage described in Code of Federal
1.21 Regulations, title 26, section 1.36B-2.

2.1 (c) "Modified adjusted gross income" has the meaning given in Code of Federal
2.2 Regulations, title 26, section 1.36B-1.

2.3 (d) "Premium" means the amount paid for a health plan in a taxable year.

2.4 Subd. 2. **Credit allowed.** (a) Subject to the phaseout and maximum in paragraph (b),
2.5 an eligible taxpayer is allowed a credit against the tax imposed by this chapter equal to:

2.6 (1) the premium for a health plan described in section 5000A(f)(1)(C) of the Internal
2.7 Revenue Code, minus

2.8 (2) 9.6 percent of the taxpayer's modified adjusted gross income in the taxable year.

2.9 (b) For a nonresident or part-year resident taxpayer, the credit must be allocated based
2.10 on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

2.11 Subd. 3. **Credit refundable; method of claiming.** (a) If the amount of credit that the
2.12 taxpayer is eligible to receive under this section exceeds the taxpayer's liability for tax under
2.13 this chapter, the commissioner shall refund the excess to the taxpayer.

2.14 (b) The commissioner, in consultation with the chief executive officer of MNsure, shall
2.15 prescribe the form and manner in which the credit must be claimed.

2.16 Subd. 4. **Appropriation.** An amount sufficient to pay the refunds under this section is
2.17 appropriated to the commissioner from the general fund.

2.18 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
2.19 31, 2018.

2.20 Sec. 2. **TRANSFER.**

2.21 Notwithstanding Laws 2017, chapter 13, article 1, section 15, as amended by Laws 2017,
2.22 First Special Session chapter 6, article 5, section 10, any amount remaining on June 30,
2.23 2020, in the premium security account under section 62E.25, subdivision 1, shall be
2.24 transferred to the general fund.