

**CHAPTER 3—S.F.No. 49**

*An act relating to taxation; income; creating a health insurance premium credit; proposing coding for new law in Minnesota Statutes, chapter 290; repealing Minnesota Statutes 2008, sections 62U.071; 275.76.*

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

Section 1. **[290.0678] HEALTH INSURANCE PREMIUMS CREDIT.**

Subdivision 1. Credit allowed. (a) An individual is allowed a credit against the tax due under this chapter equal to 20 percent of the health insurance premiums paid from a plan under section 125 of the Internal Revenue Code. The credit is allowed only for premiums paid after the individual has not had coverage under a health care plan for at least one year, and is allowed only for the first 12 months in which an individual participates in the Section 125 Plan.

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

Subd. 2. Limitations. The credit is allowed only for individuals with household income for the taxable year between:

(1) 275 percent and 300 percent of the federal poverty guidelines for the applicable family size if the individual has dependents; or

(2) 200 percent and 275 percent of the federal poverty guidelines for the applicable family size if the individual has no dependents.

Subd. 3. Definitions. For purposes of this section, "household income" means income as defined in section 290.067, subdivision 2a, and "dependent" has the meaning given in section 152 of the Internal Revenue Code.

Subd. 4. Statement of premiums paid. Each employer must provide to each employee a statement that shows the amount of health insurance premiums paid from the Section 125 Plan for each month of the taxable year. The employer must provide the statement to the employee at the same time as the annual written statement of wages paid as required under section 289A.09, subdivision 2.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2008, for premiums paid in January 2009 and thereafter.

Sec. 2. **REPEALER.**

(a) Minnesota Statutes 2008, section 62U.071, is repealed.

(b) Minnesota Statutes 2008, section 275.76, is repealed.

**EFFECTIVE DATE.** Paragraph (a) is effective the day following final enactment. Paragraph (b) is effective retroactively from July 1, 2008.

Presented to the governor February 17, 2009

Signed by the governor February 20, 2009, 8:35 a.m.