

SENATE  
STATE OF MINNESOTA  
NINETY-THIRD SESSION

S.F. No. 1423

(SENATE AUTHORS: MARTY, Boldon and Wiklund)		
DATE	D-PG	OFFICIAL STATUS
02/08/2023	742	Introduction and first reading Referred to Taxes
02/16/2023	873	Author added Wiklund

1.1

A bill for an act

1.2

relating to taxation; revenue recapture; prohibiting the Department of Revenue

1.3

from recapturing taxpayer refunds for medical debt; amending Minnesota Statutes

1.4

2022, sections 270A.03, subdivisions 2, 5; 270A.10; repealing Minnesota Statutes

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2022, section 270A.04, subdivision 5.

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

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Section 1. Minnesota Statutes 2022, section 270A.03, subdivision 2, is amended to read:

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Subd. 2. **Claimant agency.** "Claimant agency" means any state agency, as defined by

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section 14.02, subdivision 2, the regents of the University of Minnesota, any district court

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of the state, any county, any statutory or home rule charter city, including a city that is

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presenting a claim for a ~~municipal hospital~~ or a public library or a ~~municipal ambulance~~

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~~service, a hospital district, a private nonprofit hospital that leases its building from the county~~

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~~or city in which it is located, any ambulance service licensed under chapter 144E,~~ any public

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agency responsible for child support enforcement, any public agency responsible for the

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collection of court-ordered restitution, and any public agency established by general or

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special law that is responsible for the administration of a low-income housing program.

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**EFFECTIVE DATE.** This section is effective the day following final enactment.

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Sec. 2. Minnesota Statutes 2022, section 270A.03, subdivision 5, is amended to read:

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Subd. 5. **Debt; debtor.** (a) "Debt" means a legal obligation of a natural person to pay a

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fixed and certain amount of money, which equals or exceeds \$25 and which is due and

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payable to a claimant agency. The term includes criminal fines imposed under section 609.10

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or 609.125, fines imposed for petty misdemeanors as defined in section 609.02, subdivision

4a, and restitution. A debt may arise under a contractual or statutory obligation, a court order, or other legal obligation, but need not have been reduced to judgment.

A debt includes any legal obligation of a current recipient of assistance which is based on overpayment of an assistance grant where that payment is based on a client waiver or an administrative or judicial finding of an intentional program violation; or where the debt is owed to a program wherein the debtor is not a client at the time notification is provided to initiate recovery under this chapter and the debtor is not a current recipient of Supplemental Nutrition Assistance Program (SNAP) benefits, transitional child care, or transitional medical assistance.

(b) A debt does not include any legal obligation to pay a claimant agency for medical care, including hospitalization ~~if the income of the debtor at the time when the medical care was rendered does not exceed the following amount:~~

~~(1) for an unmarried debtor, an income of \$13,280 or less;~~

~~(2) for a debtor with one dependent, an income of \$17,010 or less;~~

~~(3) for a debtor with two dependents, an income of \$20,120 or less;~~

~~(4) for a debtor with three dependents, an income of \$22,820 or less;~~

~~(5) for a debtor with four dependents, an income of \$24,070 or less; and~~

~~(6) for a debtor with five or more dependents, an income of \$25,100 or less.~~

~~For purposes of this paragraph, "debtor" means the individual whose income, together with the income of the individual's spouse, other than a separated spouse, brings the individual within the income provisions of this paragraph. For purposes of this paragraph, a spouse, other than a separated spouse, shall be considered a dependent.~~

~~(e) The commissioner shall annually adjust the amounts in paragraph (b) as provided in section 270C.22. The statutory year is taxable year 2019.~~

~~(d)~~ (c) Debt also includes an agreement to pay a MinnesotaCare premium, regardless of the dollar amount of the premium authorized under section 256L.15, subdivision 1a.

**EFFECTIVE DATE.** This section is effective the day following final enactment.

Sec. 3. Minnesota Statutes 2022, section 270A.10, is amended to read:

**270A.10 PRIORITY OF CLAIMS.**

If two or more debts, in a total amount exceeding the debtor's refund, are submitted for setoff, the priority of payment shall be as follows:

3.1 (1) delinquent tax obligations of the debtor which are owed to the department;

3.2 (2) debts for child support based on the order in time in which the commissioner received  
3.3 the debts;

3.4 (3) payment of restitution obligations; and

3.5 ~~(4) claims brought for a hospital or an ambulance service;~~

3.6 ~~(5)~~ (4) the remaining debts based on the order in time in which the commissioner received  
3.7 the debts.

3.8 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.9 Sec. 4. **REPEALER.**

3.10 Minnesota Statutes 2022, section 270A.04, subdivision 5, is repealed.

3.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.

APPENDIX  
Repealed Minnesota Statutes: 23-02946

**270A.04 AGENCY PARTICIPATION.**

Subd. 5. **Private nonprofit hospital.** A private nonprofit hospital that leases its building from the county or city in which it is located must annually provide the commissioner with a copy of the lease agreement.