

CHAPTER 295

COMPANIES SUBJECT TO GROSS EARNINGS
TAXES

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295.01 DEFINITIONS.

Subdivision 1. **Words, terms, and phrases.** Unless the language or context clearly indicates that a different meaning is intended, the following words, terms, and phrases, for the purposes of this chapter, shall be given the meanings subjoined to them.

Subd. 2. [Repealed, 1979 c 303 art 7 s 15]

Subd. 3. [Repealed, 1979 c 303 art 7 s 15]

Subd. 4. [Repealed, 1989 c 277 art 1 s 35]

Subd. 5. [Repealed, 1989 c 277 art 1 s 35]

Subd. 6. [Repealed, 1989 c 277 art 1 s 35]

Subd. 7. [Repealed, 1989 c 277 art 1 s 35]

Subd. 8. [Repealed, 1989 c 277 art 1 s 35]

Subd. 9. **Telegraph company.** Every person, company, joint stock association, or corporation, wherever organized or incorporated, owning or operating any telegraph line within this state shall be deemed a telegraph company.

Subd. 10. **Telephone company.** The term "telephone company" as used in this chapter means any person, firm, association or corporation, excluding municipal telephone companies, owning or operating any telephone line or telephone exchange for hire wholly or partly within this state, including radio and other advancements in the art of telephony and sellers of telephone services, but excluding resellers. "Resellers of telephone services" as used in this chapter means any person, firm, association, or corporation that:

(1) resells telecommunications services purchased from telephone companies as defined in this chapter;

(2) does not own, operate, manage, or control transmission facilities that have the technological capability to provide telecommunication services; and

(3) incurs costs equal to at least 50 percent of its gross revenues for the telephone services purchased from telephone companies that own, operate, manage, or control transmission facilities.

History: (2247, 2251, 2261, 2270, 2273, 2277, 2279, 2282) *RL s 1012, 1031; 1909 c 454 s 1; Ex1912 c 9 s 2; 1913 c 480 s 1,3; 1919 c 506 s 1,4; 1973 c 278 s 1; 1973 c 617 s 1,2; 1Sp1985 c 14 art 14 s 1; 1987 c 268 art 11 s 1; 1991 c, 291 art 9 s 6*

295.02 [Repealed, 1979 c 303 art 7 s 15]

295.021 [Repealed, 1969 c 399 s 51]

- 295.03 [Repealed, 1979 c 303 art 7 s 15]
- 295.04 [Repealed, 1979 c 303 art 7 s 15]
- 295.05 [Repealed, 1979 c 303 art 7 s 15]
- 295.06 [Repealed, 1969 c 9 s 101; 1969 c 1147 s 22]
- 295.07 [Repealed, 1969 c 9 s 101; 1969 c 1147 s 22]
- 295.08 [Repealed, 1969 c 9 s 101; 1969 c 1147 s 22]
- 295.09 [Repealed, 1969 c 9 s 101; 1969 c 1147 s 22]
- 295.10 [Repealed, 1969 c 9 s 101; 1969 c 1147 s 22]
- 295.11 [Repealed, 1969 c 1147 s 22]
- 295.12 [Repealed, 1979 c 303 art 7 s 15]
- 295.13 [Repealed, 1979 c 303 art 7 s 15]
- 295.14 [Repealed, 1979 c 303 art 7 s 15]
- 295.15 [Repealed, 1989 c 277 art 1 s 35]
- 295.16 [Repealed, 1969 c 1147 s 22]
- 295.17 [Repealed, 1969 c 1147 s 22]
- 295.18 [Repealed, 1969 c 1147 s 22]
- 295.19 [Repealed, 1969 c 1147 s 22]
- 295.20 [Repealed, 1969 c 1147 s 22]
- 295.21 [Repealed, 1989 c 277 art 1 s 35]
- 295.22 [Repealed, 1969 c 1147 s 22]
- 295.23 [Repealed, 1989 c 277 art 1 s 35]
- 295.24 [Repealed, 1989 c 277 art 1 s 35]
- 295.25 [Repealed, 1989 c 277 art 1 s 35]
- 295.26 [Repealed, 1969 c 1147 s 22]
- 295.27 [Repealed, 1989 c 277 art 1 s 35]
- 295.29 [Repealed, 1989 c 277 art 1 s 35]
- 295.30 [Repealed, 1989 c 277 art 1 s 35]
- 295.31 [Repealed, 1989 c 277 art 1 s 35]
- 295.32 [Repealed, 1987 c 268 art 11 s 11 clause (b)]
- 295.33 [Repealed, 1987 c 268 art 11 s 11 clause (b)]
- 295.34 [Repealed, 1987 c 268 art 11 s 11 clause (b)]
- 295.35 [Repealed, 1969 c 1147 s 22]
- 295.36 [Repealed, 1987 c 268 art 11 s 11 clause (b)]
- 295.361 [Repealed, 1969 c 399 s 51]
- 295.365 [Repealed, 1987 c 268 art 11 s 11 clause (b)]
- 295.366 [Repealed, 1987 c 268 art 11 s 11 clause (b)]
- 295.367 [Repealed, 1992 c 511 art 8 s 38]

TRUST COMPANIES

295.37 TRUST COMPANIES TO PAY GROSS EARNINGS TAX.

On or before March first, of each year, every trust company organized under the laws of this state shall pay into the treasury of the county where its principal place of business is located six percent of its gross earnings for the preceding calendar year, which amount shall be in lieu of all ad valorem taxes upon the capital stock and the personal property of such trust company; provided, however, that if any such company shall receive deposits subject to check other than trust deposits, then such company shall be assessed in the same manner as incorporated banks are assessed, and shall pay taxes in the same manner as such banks.

History: (2289) 1913 c 529 s 1; Ex1937 c 3 s 4; Ex1937 c 9 s 4

295.38 [Repealed, 1973 c 650 art 27 s 1]

295.39 REPORTS FILED BY TRUST COMPANIES WITH COUNTY TREASURER.

It shall be the duty of every trust company which is required to pay a tax of six percent of its gross earnings in lieu of taxes and assessments upon its capital stock and personal property pursuant to the provisions of section 295.37, on or before the first day of February, in each year, to make and file with the county treasurer of the county in which the trust has its principal place of business a report covering the preceding calendar year, verified by the oath of an officer of such company, setting forth correctly the full amount of the gross earnings of such company during the preceding calendar year, and such other and further information as the county treasurer may require.

History: (2290-1) 1925 c 251 s 1; Ex1937 c 3 s 4; Ex1937 c 9 s 4; 1973 c 582 s 3; 1987 c 268 art 11 s 6

295.40 TAX DETERMINED.

Upon receipt of such report the county treasurer shall determine therefrom and from such other information as the treasurer may possess or obtain the amount of tax due from such company; and, on or before the 15th day of February, the county treasurer shall certify the amount of the taxes found and determined to be due from such company.

History: (2290-2) 1925 c 251 s 2; 1973 c 582 s 3; 1986 c 444; 1987 c 268 art 11 s 7

295.41 FAILURE TO REPORT; PENALTY.

If any company subject to sections 295.39 to 295.43 shall fail to make the report provided for in section 295.39, at the time and in the manner therein provided, there shall be added to the tax found and determined by the county treasurer to be due from such company a penalty equal to ten percent of the tax imposed, which shall be treated as a part thereof.

History: (2290-3) 1925 c 251 s 3; 1973 c 582 s 3; 1987 c 268 art 11 s 8

295.42 NONPAYMENT OF TAX; PENALTY.

In case the tax is not paid on or before the first day of March of the year when due and payable a penalty of ten percent thereof shall immediately accrue and be charged upon all such taxes.

History: (2290-4) 1925 c 251 s 4

295.43 LIEN OF TAX.

Gross earnings taxes imposed under and pursuant to the provisions of section 295.37, which become delinquent, shall be a lien upon all of the property of the company owning the same, and shall be collected at the same time and in the same manner that delinquent property taxes are collected.

History: (2290-5) 1925 c 251 s 5; 1987 c 268 art 11 s 9

295.44 HYDROPOWER FACILITIES; EXEMPTION; TAXATION IN LIEU OF PROPERTY TAXATION.

Subdivision 1. **Exemption.** Notwithstanding the provisions of sections 272.01, subdivision 2, 272.02, subdivision 5, and 273.19, subdivision 1, real or personal property used or to be used primarily for the production of hydroelectric or hydromechanical power on a site owned by the state or a local governmental unit and developed and operated pursuant to section 103G.535 may be exempt from property taxation for all years during which the site is developed and operated under the terms of a lease or agreement authorized by section 103G.535.

Subd. 2. [Repealed, 1984 c 502 art 3 s 36]

Subd. 3. [Repealed, 1984 c 502 art 3 s 36]

Subd. 4. [Repealed, 1984 c 502 art 3 s 36]

History: 1982 c 523 art 27 s 5; 1984 c 502 art 3 s 24; 1990 c 391 art 8 s 35

HOSPITALS AND HEALTH CARE PROVIDERS

295.50 DEFINITIONS.

Subdivision 1. **Definitions.** For purposes of sections 295.50 to 295.58, the following terms have the meanings given.

Subd. 2. **Commissioner.** "Commissioner" is the commissioner of revenue.

Subd. 2a. **Delivered outside of Minnesota.** "Delivered outside of Minnesota" means property which the seller delivers to a common carrier for delivery outside Minnesota, places in the United States mail or parcel post directed to the purchaser outside Minnesota, or delivers to the purchaser outside Minnesota by means of the seller's own delivery vehicles, and which is not later returned to a point within Minnesota, except in the course of interstate commerce.

Subd. 3. **Gross revenues.** "Gross revenues" are total amounts received in money or otherwise by:

- (1) a resident hospital for patient services;
- (2) a resident surgical center for patient services;
- (3) a nonresident hospital for patient services provided to patients domiciled in Minnesota;
- (4) a nonresident surgical center for patient services provided to patients domiciled in Minnesota;
- (5) a resident health care provider, other than a staff model health carrier, for patient services;
- (6) a nonresident health care provider for patient services provided to an individual domiciled in Minnesota;
- (7) a wholesale drug distributor for sale or distribution of legend drugs that are delivered: (i) to a Minnesota resident by a wholesale drug distributor who is a nonresident pharmacy directly, by common carrier, or by mail; or (ii) in Minnesota by the wholesale drug distributor, by common carrier, or by mail, unless the legend drugs are delivered to another wholesale drug distributor who sells legend drugs exclusively at wholesale. Legend drugs do not include nutritional products as defined in Minnesota Rules, part 9505.0325;
- (8) a staff model health plan company as gross premiums for enrollees, copayments, deductibles, coinsurance, and fees for patient services covered under its contracts with groups and enrollees;
- (9) a resident pharmacy for medical supplies, appliances, and equipment; and
- (10) a nonresident pharmacy for medical supplies, appliances, and equipment.

Subd. 4. **Health care provider.** (a) "Health care provider" means:

(1) a person furnishing any or all of the following goods or services directly to a patient or consumer: medical, surgical, optical, visual, dental, hearing, nursing services, drugs, medical supplies, medical appliances, laboratory, diagnostic or therapeutic services, or any goods and services not listed above that qualifies for reimbursement under the medical assistance program provided under chapter 256B;

(2) a staff model health plan company; or

(3) a licensed ambulance service.

(b) Health care provider does not include hospitals, nursing homes licensed under chapter 144A, pharmacies, and surgical centers.

Subd. 5. [Repealed, 1993 c 345 art 13 s 24]

Subd. 6. **Home health care services.** "Home health care services" are services:

(1) defined under the state medical assistance program as home health agency services, personal care services and supervision of personal care services, private duty nursing services, and waived services; and

(2) provided at a recipient's residence, if the recipient does not live in a hospital, nursing facility, as defined in section 62A.46, subdivision 3, or intermediate care facility for persons with mental retardation as defined in section 256B.055, subdivision 12, paragraph (d).

Subd. 6a. Hospice care services. "Hospice care services" are services:

(1) as defined in Minnesota Rules, part 9505.0297; and

(2) provided at a recipient's residence, if the recipient does not live in a hospital, nursing facility as defined in section 62A.46, subdivision 3, or intermediate care facility for persons with mental retardation as defined in section 256B.055, subdivision 12, paragraph (d).

Subd. 7. Hospital. "Hospital" means a hospital licensed under chapter 144, or a hospital licensed by any other state or province or territory of Canada.

Subd. 8. Nonresident health care provider. "Nonresident health care provider" means a health care provider that is not a resident health care provider.

Subd. 9. Nonresident hospital. "Nonresident hospital" means a hospital physically located outside Minnesota.

Subd. 9a. Nonresident pharmacy. "Nonresident pharmacy" means a pharmacy that is physically located outside Minnesota.

Subd. 9b. Patient services. "Patient services" means inpatient and outpatient services and other goods and services provided by hospitals, surgical centers, or health care providers. They include the following health care goods and services provided to a patient or consumer:

- (1) bed and board;
- (2) nursing services and other related services;
- (3) use of hospitals, surgical centers, or health care provider facilities;
- (4) medical social services;
- (5) drugs, biologicals, supplies, appliances, and equipment;
- (6) other diagnostic or therapeutic items or services;
- (7) medical or surgical services;
- (8) items and services furnished to ambulatory patients not requiring emergency care;
- (9) emergency services; and
- (10) covered services listed in section 256B.0625 and in Minnesota Rules, parts 9505.0170 to 9505.0475.

Subd. 9c. Person. "Person" means an individual, partnership, limited liability company, corporation, association, governmental unit or agency, or public or private organization of any kind.

Subd. 10. [Repealed, 1993 c 345 art 13 s 24]

Subd. 10a. Pharmacy. "Pharmacy" means a pharmacy, as defined in section 151.01.

Subd. 10b. Regional treatment center. "Regional treatment center" means a regional center as defined in section 253B.02, subdivision 18, and named in sections 252.025, subdivision 1; 253.015, subdivision 1; 253.201; and 254.05.

Subd. 11. Resident health care provider. "Resident health care provider" means a health care provider whose principal place of dispensing health care is in Minnesota.

Subd. 12. Resident hospital. "Resident hospital" means a hospital physically located inside Minnesota.

Subd. 12a. Resident pharmacy. "Resident pharmacy" means a pharmacy that is physically located inside Minnesota.

Subd. 12b. **Staff model health plan company.** "Staff model health plan company" means a health plan company as defined in section 62Q.01, subdivision 4, which employs one or more types of health care provider to deliver health care services to the health plan company's enrollees.

Subd. 13. **Surgical center.** "Surgical center" is an outpatient surgical center as defined in Minnesota Rules, chapter 4675 or a similar facility located in any other state or province or territory of Canada.

Subd. 14. **Wholesale drug distributor.** "Wholesale drug distributor" means a wholesale drug distributor required to be licensed under sections 151.42 to 151.51 or a nonresident pharmacy required to be registered under section 151.19.

Subd. 15. **Legend drug.** "Legend drug" means a legend drug as defined in section 151.01, subdivision 17.

History: 1992 c 549 art 9 s 5; 1993 c 345 art 13 s 3-10; 1Sp1993 c 6 s 19-23; 1994 c 625 art 8 s 64,65; art 13 s 6-9

295.51 MINIMUM CONTACTS REQUIRED FOR JURISDICTION TO TAX GROSS REVENUE.

Subdivision 1. **Business transactions in Minnesota.** A hospital, surgical center, pharmacy, or health care provider is subject to tax under sections 295.50 to 295.58 if it is "transacting business in Minnesota." A hospital, surgical center, pharmacy, or health care provider is transacting business in Minnesota only if it:

(1) maintains an office in Minnesota used in the trade or business of providing patient services or medical supplies, appliances, or equipment;

(2) has employees, representatives, or independent contractors conducting business in Minnesota related to the trade or business of providing patient services or medical supplies, appliances, or equipment;

(3) regularly provides patient services or medical supplies, appliances, or equipment to customers that receive the services in Minnesota;

(4) regularly solicits business from potential customers in Minnesota. A hospital, surgical center, pharmacy, or health care provider is presumed to regularly solicit business within Minnesota if it receives gross receipts for patient services or medical supplies, appliances, or equipment from 20 or more patients domiciled in Minnesota in a calendar year;

(5) regularly performs services outside Minnesota the benefits of which are consumed in Minnesota;

(6) owns or leases tangible personal or real property physically located in Minnesota and used in the trade or business of providing patient services or medical supplies, appliances, or equipment; or

(7) receives medical assistance payments from the state of Minnesota.

Subd. 2. [Repealed, 1993 c 345 art 13 s 24]

History: 1992 c 549 art 9 s 6; 1993 c 345 art 13 s 11; 1Sp1993 c 6 s 24

295.52 TAXES IMPOSED.

Subdivision 1. **Hospital tax.** A tax is imposed on each hospital equal to two percent of its gross revenues.

Subd. 1a. **Surgical center tax.** A tax is imposed on each surgical center equal to two percent of its gross revenues.

Subd. 1b. **Pharmacy tax.** A tax is imposed on each pharmacy equal to two percent of its gross revenues.

Subd. 2. **Provider tax.** A tax is imposed on each health care provider equal to two percent of its gross revenues.

Subd. 3. **Wholesale drug distributor tax.** A tax is imposed on each wholesale drug distributor equal to two percent of its gross revenues.

Subd. 4. Use tax; prescription drugs. A person that receives prescription drugs for resale or use in Minnesota, other than from a wholesale drug distributor that paid the tax under subdivision 3, is subject to a tax equal to two percent of the price paid. Liability for the tax is incurred when prescription drugs are received in Minnesota by the person.

Subd. 5. Volunteer ambulance services. Volunteer ambulance services are not subject to the tax under this section. For purposes of this requirement, "volunteer ambulance service" means an ambulance service in which all of the individuals whose primary responsibility is direct patient care meet the definition of volunteer under section 144.8091, subdivision 2. The ambulance service may employ administrative and support staff, and remain eligible for this exemption, if the primary responsibility of these staff is not direct patient care.

History: 1992 c 549 art 9 s 7; 1993 c 345 art 13 s 12,13; 1Sp1993 c 6 s 25; 1994 c 625 art 13 s 10

295.53 EXEMPTIONS; SPECIAL RULES.

Subdivision 1. Exemptions. The following payments are excluded from the gross revenues subject to the hospital, surgical center, or health care provider taxes under sections 295.50 to 295.57:

(1) payments received for services provided under the Medicare program, including payments received from the government, and organizations governed by sections 1833 and 1876 of title XVIII of the federal Social Security Act, United States Code, title 42, section 1395, and enrollee deductibles, coinsurance, and copayments, whether paid by the individual or by insurer or other third party. Payments for services not covered by Medicare are taxable;

(2) medical assistance payments including payments received directly from the government or from a prepaid plan;

(3) payments received for home health care services;

(4) payments received from hospitals or surgical centers for goods and services on which liability for tax is imposed under section 295.52 or the source of funds for the payment is exempt under clause (1), (2), (7), (8), or (10);

(5) payments received from health care providers for goods and services on which liability for tax is imposed under sections 295.52 to 295.57 or the source of funds for the payment is exempt under clause (1), (2), (7), (8), or (10);

(6) amounts paid for legend drugs, other than nutritional products, to a wholesale drug distributor reduced by reimbursements received for legend drugs under clauses (1), (2), (7), and (8);

(7) payments received under the general assistance medical care program including payments received directly from the government or from a prepaid plan;

(8) payments received for providing services under the MinnesotaCare program including payments received directly from the government or from a prepaid plan and enrollee deductibles, coinsurance, and copayments;

(9) payments received by a resident health care provider or the wholly owned subsidiary of a resident health care provider for care provided outside Minnesota to a patient who is not domiciled in Minnesota;

(10) payments received from the chemical dependency fund under chapter 254B;

(11) payments received in the nature of charitable donations that are not designated for providing patient services to a specific individual or group;

(12) payments received for providing patient services if the services are incidental to conducting medical research;

(13) payments received from any governmental agency for services benefiting the public, not including payments made by the government in its capacity as an employer or insurer;

(14) payments received for services provided by community residential mental

health facilities licensed under Minnesota Rules, parts 9520.0500 to 9520.0690, community support programs and family community support programs approved under Minnesota Rules, parts 9535.1700 to 9535.1760, and community mental health centers as defined in section 245.62, subdivision 2;

(15) government payments received by a regional treatment center;

(16) payments received for hospice care services;

(17) payments received by a resident health care provider or the wholly owned subsidiary of a resident health care provider for medical supplies, appliances and equipment delivered outside of Minnesota;

(18) payments received for services provided by community supervised living facilities for persons with mental retardation or related conditions licensed under Minnesota Rules, parts 4665.0100 to 4665.9900;

(19) payments received by a post-secondary educational institution from student tuition, student activity fees, health care service fees, government appropriations, donations, or grants. Fee for service payments and payments for extended coverage are taxable; and

(20) payments received for services provided by: residential care homes licensed under chapter 144B; board and lodging establishments providing only custodial services, that are licensed under chapter 157 and registered under section 157.031 to provide supportive services or health supervision services; and assisted living programs, congregate housing programs, and other senior housing options.

Subd. 2. Deductions for staff model health plan company. In addition to the exemptions allowed under subdivision 1, a staff model health plan company may deduct from its gross revenues for the year:

(1) amounts paid to hospitals, surgical centers, and health care providers that are not employees of the staff model health plan company for services on which liability for the tax is imposed under section 295.52;

(2) amounts added to reserves, if total reserves do not exceed 200 percent of the statutory net worth requirement, the calculation of which may be determined on a consolidated basis, taking into account the amounts held in reserve by affiliated staff model health plan companies;

(3) assessments for the comprehensive health insurance plan under section 62E.11; and

(4) amounts spent for administration as reported as total administration to the department of health in the statement of revenues, expenses, and net worth pursuant to section 62D.08, subdivision 3, clause (a).

Subd. 3. Restriction on itemization. A hospital, surgical center, pharmacy, or health care provider must not separately state the tax obligation under section 295.52 on bills provided to individual patients.

Subd. 4. Deduction for research. (a) In addition to the exemptions allowed under subdivision 1, a hospital or health care provider which is exempt under section 501(c)(3) of the Internal Revenue Code of 1986 or is owned and operated under authority of a governmental unit, may deduct from its gross revenues subject to the hospital or health care provider taxes under sections 295.50 to 295.57 revenues equal to expenditures for allowable research programs.

(b) For purposes of this subdivision, expenditures for allowable research programs are the direct and general program costs for activities which are part of a formal program of medical and health care research approved by the governing body of the hospital or health care provider which also includes active solicitation of research funds from government and private sources. Any allowable research on humans or animals must be subject to review by appropriate regulatory committees operating in conformity with federal regulations such as an institutional review board or an institutional animal care and use committee. Costs of clinical research activities paid directly for the benefit of an individual patient are excluded from this exemption. Basic research in fields includ-

ing biochemistry, molecular biology, and physiology are also included if such programs are subject to a peer review process.

(c) No deduction shall be allowed under this subdivision for any revenue received by the hospital or health care provider in the form of a grant, gift, or otherwise, whether from a government or nongovernment source, on which the tax liability under section 295.52 is not imposed or for which the tax liability under section 295.52 has been received from a third party as provided for in section 295.582.

(d) Effective beginning with calendar year 1995, the taxpayer shall not take the deduction under this section into account in determining estimated tax payments or the payment made with the annual return under section 295.55. The total deduction allowable to all taxpayers under this section for calendar years beginning after December 31, 1994, may not exceed \$65,000,000. To implement this limit, each qualifying hospital and qualifying health care provider shall submit to the commissioner by March 15 its total expenditures qualifying for the deduction under this section for the previous calendar year. The commissioner shall sum the total expenditures of all taxpayers qualifying under this section for the calendar year. If the resulting amount exceeds \$65,000,000, the commissioner shall allocate a part of the \$65,000,000 deduction limit to each qualifying hospital and health care provider in proportion to its share of the total deductions. The commissioner shall pay a refund to each qualifying hospital or provider equal to its share of the deduction limit multiplied by two percent. The commissioner shall pay the refund no later than May 15 of the calendar year.

Subd. 5. Deductions for pharmacies. (a) Pharmacies may deduct from their gross revenues subject to tax payments for medical supplies, appliances, and devices that are exempt under subdivision 1, except payments under subdivision 1, clauses (3), (6), (9), (11), and (14).

(b) Resident pharmacies may deduct from their gross revenues subject to tax payments received for medical supplies, appliances, and equipment delivered outside of Minnesota.

History: 1992 c 549 art 9 s 8; 1993 c 345 art 13 s 14-17; 1Sp1993 c 6 s 26,27; 1994 c 625 art 13 s 11-13

295.54 CREDIT FOR TAXES PAID.

Subdivision 1. Taxes paid to another state. A resident hospital, resident surgical center, pharmacy, or resident health care provider who is liable for taxes payable to another state or province or territory of Canada measured by gross receipts and is subject to tax under section 295.52 is entitled to a credit for the tax paid to another state or province or territory of Canada to the extent of the lesser of (1) the tax actually paid to the other state or province or territory of Canada, or (2) the amount of tax imposed by Minnesota on the gross receipts subject to tax in the other taxing jurisdictions.

Subd. 2. Pharmacy credit. A resident pharmacy may claim a quarterly credit against the total amount of tax the pharmacy owes during that quarter under section 295.52, subdivision 1b, as provided in this subdivision. The credit shall equal two percent of the amount paid by the pharmacy to a wholesale drug distributor subject to tax under section 295.52, subdivision 3, for legend drugs delivered by the pharmacy outside of Minnesota. If the amount of the credit exceeds the tax liability of the pharmacy under section 295.52, subdivision 1b, the commissioner shall provide the pharmacy with a refund equal to the excess amount.

History: 1992 c 549 art 9 s 9; 1993 c 345 art 13 s 18; 1Sp1993 c 6 s 28; 1994 c 625 art 13 s 14

295.55 PAYMENT OF TAX.

Subdivision 1. Scope. The provisions of this section apply to the taxes imposed under sections 295.50 to 295.58.

Subd. 2. Estimated tax; hospitals; surgical centers. (a) Each hospital or surgical center must make estimated payments of the taxes for the calendar year in monthly installments to the commissioner within ten days after the end of the month.

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(b) Estimated tax payments are not required of hospitals or surgical centers if the tax for the calendar year is less than \$500 or if a hospital has been allowed a grant under section 144.1484, subdivision 2, for the year.

(c) Underpayment of estimated installments bear interest at the rate specified in section 270.75, from the due date of the payment until paid or until the due date of the annual return at the rate specified in section 270.75. An underpayment of an estimated installment is the difference between the amount paid and the lesser of (1) 90 percent of one-twelfth of the tax for the calendar year or (2) the tax for the actual gross revenues received during the month.

Subd. 3. Estimated tax; other taxpayers. (a) Each taxpayer, other than a hospital or surgical center, must make estimated payments of the taxes for the calendar year in quarterly installments to the commissioner by April 15, July 15, October 15, and January 15 of the following calendar year.

(b) Estimated tax payments are not required if the tax for the calendar year is less than \$500.

(c) Underpayment of estimated installments bear interest at the rate specified in section 270.75, from the due date of the payment until paid or until the due date of the annual return at the rate specified in section 270.75. An underpayment of an estimated installment is the difference between the amount paid and the lesser of (1) 90 percent of one-quarter of the tax for the calendar year or (2) the tax for the actual gross revenues received during the quarter.

Subd. 4. Electronic funds transfer payments. A taxpayer with an aggregate tax liability of \$30,000 or more during a calendar quarter ending the last day of March, June, September, or December of the first year the taxpayer is subject to the tax must remit all liabilities by means of a funds transfer as defined in section 336.4A-104, paragraph (a), for the remainder of the year. A taxpayer with an aggregate tax liability of \$120,000 or more during a calendar year, must remit all liabilities by means of a funds transfer as defined in section 336.4A-104, paragraph (a), in the subsequent calendar year. The funds transfer payment date, as defined in section 336.4A-401, is on or before the date the tax is due. If the date the tax is due is not a funds-transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date is on or before the first funds-transfer business day after the date the tax is due.

Subd. 5. Annual return. The taxpayer must file an annual return reconciling the estimated payments by March 15 of the following calendar year.

Subd. 6. Form of returns. The estimated payments and annual return must contain the information and be in the form prescribed by the commissioner.

History: 1992 c 549 art 9 s 10; 1993 c 345 art 13 s 19; 1994 c 625 art 13 s 15,16

295.57 COLLECTION AND ENFORCEMENT; REFUNDS; RULEMAKING; APPLICATION OF OTHER CHAPTERS.

Unless specifically provided otherwise by sections 295.50 to 295.58, the enforcement, interest, and penalty provisions under chapter 294, appeal provisions in sections 289A.43 and 289A.65, criminal penalties in section 289A.63, and refunds provisions in section 289A.50, and collection and rulemaking provisions under chapter 270, apply to a liability for the taxes imposed under sections 295.50 to 295.58.

History: 1992 c 549 art 9 s 11; 1993 c 345 art 13 s 20

295.58 DEPOSIT OF REVENUES AND PAYMENT OF REFUNDS.

The commissioner shall deposit all revenues, including penalties and interest, derived from the taxes imposed by sections 295.50 to 295.57 and from the insurance premiums tax on health maintenance organizations, community integrated service networks, integrated service networks, and nonprofit health service plan corporations in the health care access fund in the state treasury. Refunds of overpayments must be paid from the health care access fund in the state treasury. There is annually appropriated from the health care access fund to the commissioner of revenue the amount necessary to make any refunds required under section 295.54.

History: 1992 c 549 art 9 s 12; 1993 c 345 art 13 s 21; 1994 c 625 art 13 s 17

295.582 AUTHORITY.

(a) A hospital, surgical center, pharmacy, or health care provider that is subject to a tax under section 295.52, or a pharmacy that has paid additional expense transferred under this section by a wholesale drug distributor, may transfer additional expense generated by section 295.52 obligations on to all third-party contracts for the purchase of health care services on behalf of a patient or consumer. The expense must not exceed two percent of the gross revenues received under the third-party contract, plus two percent of copayments and deductibles paid by the individual patient or consumer. The expense must not be generated on revenues derived from payments that are excluded from the tax under section 295.53. All third-party purchasers of health care services including, but not limited to, third-party purchasers regulated under chapter 60A, 62A, 62C, 62D, 62H, 62N, 64B, 65A, 65B, 79, or 79A, or under section 471.61 or 471.617, must pay the transferred expense in addition to any payments due under existing contracts with the hospital, surgical center, pharmacy, or health care provider, to the extent allowed under federal law. A third-party purchaser of health care services includes, but is not limited to, a health carrier, integrated service network, or community integrated service network that pays for health care services on behalf of patients or that reimburses, indemnifies, compensates, or otherwise insures patients for health care services. A third-party purchaser shall comply with this section regardless of whether the third-party purchaser is a for-profit, not-for-profit, or nonprofit entity. A wholesale drug distributor may transfer additional expense generated by section 295.52 obligations to entities that purchase from the wholesaler, and the entities must pay the additional expense. Nothing in this section limits the ability of a hospital, surgical center, pharmacy, wholesale drug distributor, or health care provider to recover all or part of the section 295.52 obligation by other methods, including increasing fees or charges.

(b) Each third-party purchaser regulated under any chapter cited in paragraph (a) shall include with its annual renewal for certification of authority or licensure documentation indicating compliance with paragraph (a). If the commissioner responsible for regulating the third-party purchaser finds at any time that the third-party purchaser has not complied with paragraph (a), the commissioner may by order fine or censure the third-party purchaser or revoke or suspend the certificate of authority or license of the third-party purchaser to do business in this state. The third-party purchaser may appeal the commissioner's order through a contested case hearing in accordance with chapter 14.

History: 1993 c 345 art 13 s 22; 1Sp1993 c 6 s 29; 1994 c 625 art 13 s 18

295.59 SEVERABILITY.

If any section, subdivision, clause, or phrase of sections 295.50 to 295.582 is for any reason held to be unconstitutional or in violation of federal law, the decision shall not affect the validity of the remaining portions of sections 295.50 to 295.582. The legislature declares that it would have passed sections 295.50 to 295.582 and each section, subdivision, sentence, clause, and phrase thereof, irrespective of the fact that any one or more sections, subdivisions, sentences, clauses, or phrases is declared unconstitutional.

History: 1992 c 549 art 9 s 13; 1993 c 345 art 13 s 23