

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 2533

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Version: As amended by H2533A1

Authors: Bradley and others

Subject: Cigarette tax, MCHA, and the MinnesotaCare tax

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Overview

This bill increases the tax on cigarettes from 48 to 77 cents per pack. The bill requires the additional tax revenue to be used to reduce or eliminate the Minnesota Comprehensive Health Association deficit. The bill also reduces the MinnesotaCare tax on health care providers from two to 1.75 percent. All sections in the bill are effective January 1, 2005.

Section

- 1 Minnesota comprehensive health association; disbursement from tobacco tax proceeds.**
Adds § 62E.56.

Requires the commissioner of commerce to disburse the tax revenue resulting from the increase in the tax on cigarettes in this act to the Minnesota Comprehensive Health Association (MCHA) to eliminate or reduce the MCHA assessment. Allows MCHA to retain any excess appropriation to eliminate or reduce assessments in the next fiscal year.
- 2 Effective date.** Provides a January 1, 2005, effective date.
Hospital tax. Amends § 295.52, subd. 1. Reduces the MinnesotaCare tax on hospital gross revenues from two to 1.75 percent.
- 3 Effective date.** Provides a January 1, 2005, effective date.
Surgical center tax. Amends § 295.52, subd. 1a. Reduces the MinnesotaCare tax on surgical

Section

center gross revenues from two to 1.75 percent.

Effective date. Provides a January 1, 2005, effective date.

- 4** **Provider tax.** Amends § 295.52, subd. 2. Reduces the MinnesotaCare tax on health care provider gross revenues from two to 1.75 percent.

Effective date. Provides a January 1, 2005, effective date.

- 5** **Wholesale drug distributor tax.** Amends § 295.52, subd. 3. Reduces the MinnesotaCare tax on wholesale drug distributor gross revenues from two to 1.75 percent.

Effective date. Provides a January 1, 2005, effective date.

- 6** **Rates; cigarettes.** Amends § 297F.05, subd. 1. Increases the tax on cigarettes by 29 cents, from 48 cents to 77 cents per pack.

Effective date. Provides a January 1, 2005, effective date.

- 7** **Tax and use tax on cigarettes.** Amends § 297F.10, subd. 1. Adjusts the cigarette tax allocations to the Academic Health Center and the medical education and research costs account, to maintain the same level of funding. Requires the revenue produced by the increase in the cigarette tax to be credited to the commissioner of commerce, for disbursement to MCHA.

Effective date. Provides a January 1, 2005, effective date.

- 8** **Floor stocks tax.** Increases the floor stocks tax on cigarettes to reflect the increase in the tax on cigarettes.

Effective date. Provides a January 1, 2005, effective date.