

HOUSE RESEARCH

Bill Summary

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Subject: Wholesale Drug Distributor Tax

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Overview

This bill eliminates the two percent MinnesotaCare tax on the gross revenues of wholesale drug distributors, effective January 1, 2005. (Under current law, wholesale drug distributors are allowed to pass expenses resulting from this tax obligation on to pharmacies and other purchasers.) This tax is eliminated in the repealer; other sections make conforming changes.

Section

- 1** **Gross revenues.** Amends § 295.50, subd. 3. Makes a conforming change related to the elimination of the MinnesotaCare tax on the gross revenues of wholesale drug distributors.
- 2** **Exemptions.** Amends § 295.53, subd. 1. Makes a conforming change.
- 3** **Separate statement of tax.** Amends § 295.53, subd. 3. Makes a conforming change.
- 4** **Authority.** Amends § 295.582. Makes conforming changes.
- 5** **Repealer.** Repeals the two percent MinnesotaCare tax on the gross revenues of wholesale drug distributors and related provisions, effective for taxes due on or after January 1, 2005. The sections repealed are: 295.50, subd. 14 and 15 (definitions of wholesale drug distributor and legend drug); 295.51, subd. 1a (nexus for wholesale drug distributors); 295.52, subd. 3, 4, and 4a (imposition of two percent tax on wholesale drug distributors, use tax, and tax collection); 295.54, subd. 2 and 3 (credit for taxes paid); and 295.57, subd. 5 (exemption for certain payments for legend drugs).