

SENATE  
STATE OF MINNESOTA  
NINETY-THIRD SESSION

S.F. No. 1423

(SENATE AUTHORS: MARTY and Boldon)

DATE  
02/08/2023

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Introduction and first reading  
Referred to Taxes

OFFICIAL STATUS

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  
1.5 2022, section 270A.04, subdivision 5.

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

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

1.8 Subd. 2. **Claimant agency.** "Claimant agency" means any state agency, as defined by  
1.9 section 14.02, subdivision 2, the regents of the University of Minnesota, any district court  
1.10 of the state, any county, any statutory or home rule charter city, including a city that is  
1.11 presenting a claim for a ~~municipal hospital~~ or a public library or a ~~municipal ambulance~~  
1.12 ~~service, a hospital district, a private nonprofit hospital that leases its building from the county~~  
1.13 ~~or city in which it is located, any ambulance service licensed under chapter 144E, any public~~  
1.14 agency responsible for child support enforcement, any public agency responsible for the  
1.15 collection of court-ordered restitution, and any public agency established by general or  
1.16 special law that is responsible for the administration of a low-income housing program.

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

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

1.19 Subd. 5. **Debt; debtor.** (a) "Debt" means a legal obligation of a natural person to pay a  
1.20 fixed and certain amount of money, which equals or exceeds \$25 and which is due and  
1.21 payable to a claimant agency. The term includes criminal fines imposed under section 609.10  
1.22 or 609.125, fines imposed for petty misdemeanors as defined in section 609.02, subdivision

2.1 4a, and restitution. A debt may arise under a contractual or statutory obligation, a court  
2.2 order, or other legal obligation, but need not have been reduced to judgment.

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

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

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

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

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

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

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

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

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

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

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

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

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

2.29 **270A.10 PRIORITY OF CLAIMS.**

2.30 If two or more debts, in a total amount exceeding the debtor's refund, are submitted for  
2.31 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.