



MINNESOTACARE TAX Gross Revenues Modification

April 22, 2025
Revised

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of the SCS2669A47 amendment to S.F. 2669 (Wiklund), 1st Engrossment

	Fund Impact			
	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>	<u>F.Y. 2028</u>	<u>F.Y. 2029</u>
			(000's)	
Wholesale Drug Distributor Tax	\$9,300	\$13,000	\$13,700	\$14,300
Legend Drug Use Tax	<u>\$1,800</u>	<u>\$2,500</u>	<u>\$2,700</u>	<u>\$2,800</u>
Health Care Access Fund – Total	\$11,000	\$15,600	\$16,300	\$17,100

Effective for gross receipts received after June 30, 2025.

EXPLANATION OF THE BILL

Current Law: Wholesale drug distributors are subject to a tax on gross revenue from sale or distribution of prescription drugs delivered in Minnesota. The receipt of prescription drugs for resale or use in Minnesota from a source other than a wholesale drug distributor is also subject to a tax on the price paid for the drugs. The current rate for the previously mentioned taxes is 1.8%. Revenues are deposited in the Health Care Access Fund.

Proposed Law: The bill would include any rebates provided by wholesale drug distributors to customers in the calculation of the distributors taxable gross revenues.

REVENUE ANALYSIS DETAIL

- The February 2025 MinnesotaCare forecast was used.
- The estimates assume a 2% tax rate from the S.F. 2669 First Engrossment proposal.
- It is assumed that rebates represent about 5% of total drug-related gross revenues.
- The fiscal year 2026 estimates are adjusted to reflect three quarterly payments of impact.

Minnesota Department of Revenue
Tax Research Division
[https://www.revenue.state.mn.us/
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