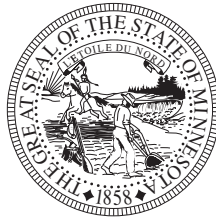


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# Minnesota House of Representatives

## New Laws Effective Jan. 1, 2004

**Editor's note:** The following is a listing of selected new laws passed during the regular and special sessions of the 2003 Legislature that take effect Jan. 1, 2004. A complete summary of all laws passed by the 2003 Legislature is available online from the House Public Information Services Office.

Go to [www.house.mn/hinfo/2003nulaw.htm](http://www.house.mn/hinfo/2003nulaw.htm).

### HEALTH

#### Medical Assistance, other changes

The omnibus health and human services law features a number of changes effective Jan. 1, 2004, including eligibility modifications to Medical Assistance for employed people with disabilities.

Under the new law, people who lose employment through no fault of their own may retain Medical Assistance eligibility for up to four consecutive months after loss of the job. The new law also requires applicants to pay a premium that is the greater of \$35 or a sliding scale rate, effective Jan. 1, 2004.

Medical Assistance payments to managed care plans will be cut by an additional 1 percent for services provided after the start of 2004. They were already cut by 1 percent in October 2003. Payments for nursing home services, home and community-based waivers, and payments to demonstration projects for people with disabilities are excluded.

Medical Assistance limited enhancement rates for nursing homes were tightened, under the law, and a new qualification takes effect Jan. 1, 2004. (Under the law, patients are eligible for enhanced reimbursement rates of up to 120 percent of the facility's Medical Assistance rate for each reimbursement classification for the first 30 days following admittance. That provision took effect July 1, 2003.) Effective Jan. 1, funds will not be paid if within the previous 30 days a resident has resided at the same nursing home, a facility owned or operated by a related party, or in a facility that has closed during that time period.

As part of a law that took effect July 1, 2003, the human services commissioner must adopt and implement a list of preferred prescription drugs eligible for Medical Assistance coverage by Jan. 1, 2004, and that list must be published each year in the State Register and be maintained on the Human Services Department Web site. The commissioner may also contract with a vendor or states for the purpose of enacting a multi-state preferred drug list and supplemental rebate program, under the law. The commissioner must ensure that any contract maximizes federal financial participation.

Effective Jan. 1, 2004, the commissioner may exclude or modify coverage for prescription drugs from the prepaid managed care contracts for Medical Assistance benefits in order to increase savings to the state by collecting additional prescription drug rebates. This is contingent on federal approval and the collection of additional prescription drug rebates.

Rep. Fran Bradley (R-Rochester) and Sen. Linda Berglin (DFL-Mpls) sponsored the law.

2003 Special Session: HF6\*/SFnone/CH14

### TAXES

#### Tax-free zones

Businesses in up to 10 new Job Opportunity Building Zones, authorized by the 2003 omnibus tax law, may begin reaping tax benefits beginning Jan. 1, 2004.

The Department of Employment and Economic Development must designate the zones by Dec. 31, 2003.

The zones are designed to help jump-start economic development in parts of the state that are struggling economically.

Qualifying zone businesses will forgo sales, income, and property taxes for up to 12 years, and a refundable jobs credit is available for the portion of increased payroll that exceeds \$30,000 per year per full-time equivalent position. People investing in the zone businesses will be exempt from applicable income and capital gains taxes.

The commissioner may also designate one biotechnology and health science industry zone that will also be eligible for tax breaks on Jan. 1. It is also valid for 12 years.

Eligible facilities include those researching, developing, or manufacturing a biotechnology product, medical device or service, as well as those promoting, supplying, or servicing such a facility.

Qualifying businesses may be eligible for sales, corporate, franchise, and some property tax exemptions, and job and research credits.

Rep. Ron Abrams (R-Minnetonka) and Sen. Larry Pogemiller (DFL-Mpls) sponsored the law.  
2003 Special Session: HF7\*/SFnone/CH21

### **Paying taxes**

Cigarette distributors must pay a June accelerated cigarette tax payment of 85 percent of the estimated June liability when they file their May returns, effective Jan. 1, 2004. An underpayment penalty is also provided. A 1.5 percent discount to make up for expenses incurred in the administration of the tax is repealed.

A measure affecting the June accelerated mortgage deed and registry tax payments to the state is also provided in the law, effective Jan. 1.

Rep. Ron Abrams (R-Minnetonka) and Sen. Larry Pogemiller (DFL-Mpls) sponsored the law.  
2003 Special Session: HF7\*/SFnone/CH21

## **VETERANS**

### **Military discharge papers**

A new law, effective Jan. 1, 2004, will restrict who may have access to the discharge records of Minnesota veterans.

It classifies certificates of discharge as private information and requires the Department of Veterans Affairs to give out the information only if the person requesting the information proves their identity, has a tangible interest in the information, and fills out a release form. Representatives of the department testified that social security numbers on the papers should be protected to inhibit identity theft.

The law limits the people who have a tangible interest as the veteran; a surviving spouse, child, or parent; and a guardian of the veteran. Discharge information becomes public 10 years after a veteran dies and 30 years after the information was created.

The law's contents were also part of the House data practices law (SSHF29/SSSF10\*/CH8).  
Rep. Jeff Anderson (R-Austin) and Sen. Steve Murphy (DFL-Red Wing) sponsored the law.  
HF768\*/SF1039/CH124