ASSEMBLY, No. 5296

STATE OF NEW JERSEY

218th LEGISLATURE

INTRODUCED MAY 13, 2019

Sponsored by:
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District 6 (Burlington and Camden)
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SYNOPSIS

Allows gross income tax deduction for certain qualified charity care services provided by qualified physicians.

CURRENT VERSION OF TEXT

As introduced.

(Sponsorship Updated As Of: 11/15/2019)

AN ACT allowing a gross income tax deduction for certain qualified charity care services provided by qualified physicians, supplementing Title 54A of the New Jersey Statutes.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. a. For the taxable year beginning on January 1 next following the enactment of P.L. , c. (C.) (pending before the Legislature as this bill), a qualified physician shall be allowed as a deduction from gross income the amount calculated pursuant to subsection b. of this section for qualified charity care services provided by the qualified physician during the taxable year.

b. The total amount a qualified physician may deduct each taxable year shall be equal to the aggregate value of all qualified charity care services provided that the qualified physician would have otherwise charged a patient less any reimbursement received for providing those qualified charity care services. In calculating the value of each qualified charity care service provided, a qualified physician shall not deduct an amount greater than 100 percent of the applicable payment rate under the federal Medicare program, established pursuant to Title XVIII of the Social Security Act, 42 U.S.C. s.1395 et seq., for each service rendered to an uninsured patient. The deduction shall not exceed $30,000 in any taxable year.

c. A qualified physician who claims the deduction provided pursuant to this section shall submit, as part of the annual return required to be filed pursuant to maintain records concerning the type of qualified charity care service provided, the value of that service, where that service was performed, and any other pertinent information as deemed necessary by the director. The records required pursuant to this subsection shall be kept for a period of three years following the taxable year for which the deduction was allowed.

d. The director shall submit to the Governor and the Legislature, pursuant to the provisions of P.L.1991, c.164 (C.52:14-19.1), no later than December 31 of the second year following the enactment of P.L. , c. (C.) (pending before the Legislature as this bill) a written report that details the number of taxpayers who claimed the deduction, the total value of the deduction, the impact of the deduction on gross income tax revenue, the types of qualified charity care services provided, where those services were performed, and any fraud the division encountered from taxpayers claiming this deduction.

e. As used in this section:

"Director" means the Director of the Division of Taxation in the Department of the Treasury.

"Qualified charity care service" means a professional service provided by a qualified physician, including, but not limited to,

surgery, consultation, or physical examination, to a patient who meets the criteria for charity care eligibility established pursuant to section 10 of P.L.1992, c.160 (C.26:2H-18.60) at any of the top three hospitals in this State based on the highest documented charity care in the most recent full calendar year for which data are available.

"Qualified physician" means a taxpayer who is licensed to practice medicine and surgery by the State Board of Medical Examiners pursuant to R.S.45:9-1 et seq. and who is not directly employed by any of the top three hospitals in this State based on the highest documented charity care in the most recent full calendar year for which data are available, but may practice at those hospitals on a contractual basis.

2. This act shall take effect immediately and apply to the taxable year beginning on or after January 1 next following the date of enactment.

STATEMENT

This bill provides a gross income tax deduction for certain qualified charity care services provided by qualified physicians.

The bill allows a qualified physician, defined by the bill as a taxpayer who is licensed to practice medicine and surgery in this State, to deduct the aggregate value of all qualified charity care services provided that the qualified physician would have otherwise charged a patient less any reimbursement received for providing those qualified charity care services. The bill defines qualified charity care service as a professional service provided by a qualified physician, including, but not limited to, surgery, consultation, or physical examination, to a patient who meets the criteria for charity care eligibility at any of the top three hospitals in this State based on highest documented charity care in the most recent full calendar year for which data are available.

The value of each qualified charity care service provided is equal to an amount no greater than 100 percent of the applicable payment rate under the federal Medicare program for each service rendered to an uninsured patient. The deduction is limited to $30,000 each taxable year.

The intent of this bill is to encourage qualified physicians to provide care to uninsured patients on a pro bono basis by reducing their gross income tax liabilities. The bill would help uninsured patients to receive quality care at a fraction of the cost to the State in comparison to the cost of traditional Charity Care programs.