

ASSEMBLY, No. 516

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblywoman CRECCO

1 AN ACT providing a credit for certain costs of long-term care  
2 insurance under the corporation business tax, supplementing  
3 P.L.1945, c.162.

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

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8 1. A taxpayer who offers a long-term care insurance policy to  
9 employees shall be entitled to a credit as provided herein against the  
10 tax imposed pursuant to section 5 of P.L.1945, c.162 (C.54:10A-5) in  
11 an amount equal to 50% of the cost of providing the policy. The  
12 amount of the credit claimed in the tax year in which the cost is  
13 incurred shall not exceed 50% of the tax liability which would be  
14 otherwise due, and shall not reduce the amount of the tax liability to  
15 less than the statutory minimum provided in subsection (e) of section  
16 5 of P.L.1945, c.162.

17 As used in this section, "Long-term care insurance policy" means  
18 a group or individual insurance policy, or portion thereof, which  
19 provides benefits for a period of not less than 12 months for each  
20 person covered under the policy, on an expense incurred, indemnity,  
21 or annuity basis, or combination thereof, for necessary diagnostic,  
22 preventive, therapeutic or custodial services in or by a duly licensed  
23 home health agency, intermediate nursing facility, or nursing care  
24 facility.

25 As used in this section, "cost of providing the policy" means all  
26 costs incurred by the taxpayer which are directly related to providing  
27 a long-term care insurance policy to employees, including, but not  
28 limited to, purchase of the policy, and administrative expenses  
29 regardless of whether the taxpayer pays any portion of the cost to  
30 purchase the policy.

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32 2. The Director of the Division of Taxation, in consultation with the  
33 Commissioner of the Department of Health, shall promulgate rules and  
34 regulations pursuant to the "Administrative Procedure Act,"

1 P.L.1968, c.410 (C.52:14B-1 et seq.) as may be necessary to  
2 effectuate the purposes of this act.

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4 3. This act shall take effect immediately.

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STATEMENT

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9 This bill creates a corporation business tax credit for 50% of any  
10 costs incurred by an employer which are related to providing a  
11 long-term care insurance policy or policies to employees. The credit  
12 cannot reduce the employers' tax liability below the corporate  
13 minimum tax. Long-term care insurance provides benefits for a period  
14 of not less than twelve months on expenses incurred for diagnostic,  
15 preventive, therapeutic, or custodial services in or by a home health  
16 agency, intermediate nursing facility, or nursing care facility.

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21 Creates a corporation business tax credit for part of the costs of  
22 providing long-term care insurance policies to employees.