

SENATE, No. 44

STATE OF NEW JERSEY

INTRODUCED JANUARY 18, 1996

By Senators LITTELL and LaROSSA

1 AN ACT concerning the purchase, lease or rental of electronic data  
2 interchange technology and supplementing the "Corporation  
3 Business Tax Act (1945)," P.L.1945, c.162 (C.54:10A-1 et seq.),  
4 and P.L.1945, c.132 (C.54:18A-1 et seq.).  
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6 **BE IT ENACTED** by the Senate and General Assembly of the State  
7 of New Jersey:  
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9 1. a. A taxpayer shall be allowed a credit against the tax liability  
10 imposed by section 5 of P.L.1945, c.162 (C.54:10A-5) in an amount  
11 equal to 10% of the costs of the taxpayer during a fiscal or calendar  
12 accounting year, referred to hereinafter in this section as a "tax year,"  
13 beginning on or after July 1, 1997 but before July 1, 1999, for the  
14 purchase, lease or rental by the taxpayer of electronic data interchange  
15 technology to store, retrieve and transmit health care information, or  
16 such proportion of these costs as is determined by the director to be  
17 the proportion of the use of the technology in this State, provided that:

18 (1) The taxpayer is a health care provider licensed pursuant to Title  
19 45 of the Revised Statutes, and the technology purchased, leased or  
20 rented is used or intended for use in the health care provider's  
21 professional office;

22 (2) The taxpayer is a health care facility licensed pursuant to  
23 P.L.1971, c.136 (C.26:2H-1 et seq.);

24 (3) The taxpayer is a health maintenance organization authorized  
25 to issue health benefits plans in this State;

26 (4) The taxpayer is a self-insured entity; or

27 (5) The taxpayer is an employer who provides a health benefits  
28 plan for his employees; and

29 (6) The technology purchased, leased or rented is primarily used  
30 or intended for use, at a minimum, for one or more of the following  
31 applications in accordance with standards adopted by the American  
32 National Standards Institute: submission of health benefits claims,  
33 inquiries about health benefits claims, information about health benefits  
34 claims payments, health benefits plan enrollment transactions, or health  
35 benefits-related eligibility inquiries.

36 As used in this section, "electronic data interchange technology"  
37 means computer equipment or software which permits the electronic

1 transmission of a business document in a standard format.

2 b. No credit shall be allowed under the "Manufacturing Equipment  
3 and Employment Investment Tax Credit Act," P.L.1993, c.171  
4 (C.54:10A-5.16 et al.), or under P.L.1993, c.170 (C.54:10A-5.4 et  
5 seq.) for property or expenditures for which a credit is allowed, or  
6 which are includable in the calculation of a credit allowed, under this  
7 section.

8 c. The tax imposed for a fiscal or calendar accounting year  
9 pursuant to section 5 of P.L.1945, c.162 shall first be reduced by the  
10 amount of any credit allowed pursuant to this section and then by any  
11 other statutory credits allowed against the tax. The credit allowed  
12 under this section shall be applied in the order of the credits' tax years.  
13 The amount of the credit applied under this section against the tax  
14 imposed pursuant to section 5 of P.L.1945, c.162, for an accounting  
15 year shall not exceed 50% of the tax liability otherwise due and shall  
16 not reduce the tax liability to an amount less than the statutory  
17 minimum provided in subsection (e) of section 5 of P.L.1945, c.162.  
18 The amount of tax year credit otherwise allowable under this section  
19 which cannot be applied for the tax year due to the limitations of this  
20 subsection may be carried over, if necessary, to the seven accounting  
21 years following a credit's tax year.

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23 2. a. A taxpayer shall be allowed a credit against the tax liability  
24 imposed by P.L.1945, c.132 (C.54:18A-1 et seq.) in an amount equal  
25 to 10% of the costs of the taxpayer during the year, referred to  
26 hereinafter in this section as the "tax year," beginning on or after  
27 July 1, 1997 but before July 1, 1999, for the purchase, lease or rental  
28 by the taxpayer of electronic data interchange technology to store,  
29 retrieve and transmit health care information, or such proportion of  
30 these costs as is determined by the director to be the proportion of the  
31 use of the technology in this State, provided that the technology  
32 purchased, leased or rented is primarily used or intended for use, at a  
33 minimum, for one or more of the following applications in accordance  
34 with standards adopted by the American National Standards Institute:  
35 submission of health benefits claims, inquiries about health benefits  
36 claims, information about health benefits claims payments, health  
37 benefits plan enrollment transactions, or health benefits-related  
38 eligibility inquiries.

39 As used in this section, "electronic data interchange technology"  
40 means computer equipment or software which permits the electronic  
41 transmission of a business document in a standard format.

42 b. The tax imposed for a year pursuant to P.L.1945, c.132 shall  
43 first be reduced by the amount of any credit allowed pursuant to this  
44 section and then by any other statutory credits allowed against the tax.  
45 The credit allowed under this section shall be applied in the order of  
46 the credits' tax years. The amount of the credit applied under this

1 section against the tax imposed pursuant to P.L.1945, c.132, for  
2 premiums collected in a calendar year shall not exceed 50% of the tax  
3 liability otherwise due. The amount of tax year credit otherwise  
4 allowable under this section which cannot be applied for the tax year  
5 due to the limitations of this subsection may be carried over, if  
6 necessary, to the seven accounting years following a credit's tax year.

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8 3. This act shall take effect immediately; and section 1 shall apply  
9 to the fiscal or calendar accounting years beginning on or after July 1,  
10 1997, and section 2 shall apply to calendar years beginning after  
11 July 1, 1997.

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14 STATEMENT  
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16 This bill provides a 10% tax credit against the New Jersey  
17 Corporation Business Tax imposed pursuant to P.L.1945, c.162  
18 (C.54:10A-1 et seq.), and the tax imposed on insurance companies  
19 generally pursuant to P.L.1945, c.132 (C.54:18A-1 et seq.), as  
20 appropriate, beginning on or after July 1, 1997 but before July 1,  
21 1999, for the purchase, lease or rental of electronic data interchange  
22 technology to store, retrieve and transmit health care information.

23 These tax credits are intended to provide a financial incentive for  
24 health care facilities and providers, third party payers and employers  
25 to purchase, lease or rent computer equipment and software that will  
26 permit electronic claims processing and other electronic data  
27 exchanges, which have the potential to significantly reduce health care  
28 administrative costs in this State, according to the Healthcare  
29 Information Networks and Technologies (HINT) report to the  
30 Legislature under the joint auspices of Thomas Edison State College  
31 and the New Jersey Institute of Technology. This bill is part of a  
32 legislative package designed to effectuate the recommendations  
33 included in the HINT report.

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38 Provides temporary tax credits for the purchase, lease or rental of  
39 electronic data interchange technology to store, retrieve and transmit  
40 health care information.