

ASSEMBLY, No. 1030

STATE OF NEW JERSEY

216th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2014 SESSION

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SYNOPSIS

Extends gross income tax medical expense deduction to certain cord blood banking services.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel



(Sponsorship Updated As Of: 5/8/2015)

1 AN ACT extending the gross income tax's medical expense
2 deduction to apply to certain cord blood banking services,
3 amending N.J.S.54A:3-3.
4

5 BE IT ENACTED by the Senate and General Assembly of the State
6 of New Jersey:
7

8 1. N.J.S.54A:3-3 is amended to read as follows:

9 54A:3-3. Medical expenses. (a) Each taxpayer shall be allowed
10 to deduct from the taxpayer's gross income medical expenses for the
11 taxpayer, the taxpayer's spouse, and the taxpayer's dependents with
12 respect to such expenses that were paid during the taxable year and
13 to the extent that such medical expenses exceed 2% of the
14 taxpayer's gross income. In the case of a nonresident, gross income
15 shall mean gross income which such nonresident would have
16 reported if the taxpayer had been subject to tax during the entire
17 taxable year as a resident.

18 (b) Special Rule for Decedents.

19 (1) Treatment of expenses paid after death. Expenses for the
20 medical care of the taxpayer which are paid out of the taxpayer's
21 estate during the one-year period beginning with the day after the
22 day of the death shall be treated as paid by the taxpayer at the time
23 incurred.

24 (2) Limitation. Paragraph (1) shall not apply if the amount paid
25 is not allowable as a deduction in computing medical expense
26 deductions for federal income tax purposes.

27 (c) Disallowance of amounts allowed for other purposes.

28 (1) Any expenses allowed as a deduction of expenses for
29 household and dependent care services necessary for gainful
30 employment shall not be allowed as an expense paid for medical
31 care for purposes of this section.

32 (2) Any amounts paid or distributed out of a medical savings
33 account that are excluded from gross income pursuant to section 5
34 of P.L.1997, c.414 (C.54A:6-27) shall not be allowed as an expense
35 paid for medical care for purposes of this section.

36 (3) Any amounts allowed as a deduction for the health insurance
37 costs of the self-employed pursuant to section 1 of PL.1999, c.222
38 (C.54A:3-5) shall not be allowed as an expense paid for medical
39 care for purposes of this section.

40 (d) Other Medical Expenses.

41 For taxable years beginning on or after January 1, 2013, medical
42 expenses shall include, but not be limited to, the amount paid by the
43 taxpayer for umbilical cord blood banking services.

44 (e) Definitions.

45 As used in this section:

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 “Qualified umbilical cord blood banking service provider” means
2 a cord blood service using collection methods in compliance with
3 N.J.A.C.8:8-13.10 or successor provisions concerning the licensure
4 of cord blood services promulgated by the Commissioner of Health.

5 “Umbilical cord blood banking services” mean costs paid to a
6 qualified umbilical cord blood banking service provider by the
7 taxpayer for the collection and storage of umbilical cord blood from
8 an umbilical cord associated with the taxpayer’s biological
9 offspring or the taxpayer’s dependent’s biological offspring.

10 (cf: P.L.1999, c.222, s.2)

11
12 2. This act shall take effect immediately.

13
14
15 STATEMENT

16
17 This bill extends New Jersey’s gross income tax medical expense
18 deduction to certain cord blood banking services. The purpose of
19 the bill is to decrease the cost of cord blood banking for New Jersey
20 gross income taxpayers and encourage the proliferation of cord
21 blood banking service providers in New Jersey.

22 Generally, New Jersey’s medical expense deduction tracks the
23 federal income tax deduction for determining what constitutes a
24 qualified medical expense. There are indications from the federal
25 Internal Revenue Service that cord blood banking service expenses,
26 outside of the treatment of existing or imminent medical conditions,
27 do not qualify as a deductible medical expense.

28 This bill extends New Jersey’s gross income tax deduction for
29 medical expenses to cover cord blood banking service costs,
30 whether undertaken as a precaution or for immediate use. More
31 specifically, the bill makes costs paid by the taxpayer for the
32 collection and storage of umbilical cord blood from a cord
33 associated with the biological offspring of the taxpayer or the
34 taxpayer’s dependent a qualified medical expense. The bill requires
35 that the collection and storage services must be performed by a
36 qualified provider in compliance with the Department of Health’s
37 collection protocol for cord blood servicers.

38 The bill is scheduled to apply to taxable years beginning on or
39 after January 1, 2013.