

SENATE, No. 1827

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED FEBRUARY 24, 2020

Sponsored by:

Senator JOSEPH A. LAGANA

District 38 (Bergen and Passaic)

SYNOPSIS

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

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT allowing a gross income tax deduction for certain qualified
2 charity care services provided by qualified physicians,
3 supplementing Title 54A of the New Jersey Statutes.
4

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

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

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

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

34 d. The director shall submit to the Governor and the
35 Legislature, pursuant to the provisions of P.L.1991, c.164 (C.52:14-
36 19.1), no later than December 31 of the second year following the
37 enactment of P.L. , c. (C.) (pending before the Legislature as
38 this bill) a written report that details the number of taxpayers who
39 claimed the deduction, the total value of the deduction, the impact
40 of the deduction on gross income tax revenue, the types of qualified
41 charity care services provided, where those services were
42 performed, and any fraud the division encountered from taxpayers
43 claiming this deduction.

44 e. As used in this section:

45 “Director” means the Director of the Division of Taxation in the
46 Department of the Treasury.

47 “Qualified charity care service” means a professional service
48 provided by a qualified physician, including, but not limited to,

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

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

14
15 2. This act shall take effect immediately and apply to the
16 taxable year beginning on or after January 1 next following the date
17 of enactment.

18 19 20 STATEMENT

21
22 This bill provides a gross income tax deduction for certain
23 qualified charity care services provided by qualified physicians.

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

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

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