

CHAPTER 139

AN ACT creating Health Enterprise Zones in certain municipalities and supplementing Title 54A of the New Jersey Statutes and Titles 34 and 54 of the Revised Statutes.

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

C.54A:3-7 Designation of "Health Enterprise Zones."

1. Each area that is designated by the Commissioner of Health and Senior Services as a State designated underserved area pursuant to N.J.S.18A:71C-35 shall be deemed to be a "Health Enterprise Zone" for the purposes of P.L.2004, c.139 (C.54A:3-7 et al.).

C.54A:3-8 Tax deduction for qualified receipts, definitions.

2. a. A taxpayer who is providing primary care as defined in N.J.S.18A:71C-32 at:

(1) a practice that is located in a Health Enterprise Zone as described in section 1 of P.L.2004, c.139 (C.54A:3-7); or

(2) a qualified practice that is located within 5 miles of a Health Enterprise Zone as described in section 1 of P.L.2004, c.139 (C.54A:3-7);

shall be allowed to deduct from the taxpayer's gross income in a taxable year an amount equal to that proportion of the taxpayer's net income deriving from that practice for the taxable year that the qualified receipts of that practice for the taxable year bear to the total amount received for services at that practice for the taxable year.

b. For the purposes of this section:

"Qualified practice" means a practice at which 50% or more of the total amount received for services at that practice for the taxable year are qualified receipts and 50% or more of the patients whose services are compensated by qualified receipts reside in a Health Enterprise Zone; and

"Qualified receipts" means amounts received for services from the Medicaid program pursuant to P.L.1968, c.413 (C.30:4D-1 et seq.), including amounts received from managed care organizations under contract with the Medicaid program, the FamilyCare Health Coverage Program pursuant to P.L.2000, c.71 (C.30:4J-1 et seq.), and the Children's Health Care Coverage Program pursuant to P.L.1997, c.272 (C.30:4I-1 et seq.) for providing health care services to eligible program recipients.

C.34:1B-189 Low-interest loans for medical offices in Health Enterprise Zones, definitions.

3. a. In consultation with the Commissioner of Health and Senior Services, the Executive Director of the New Jersey Economic Development Authority shall establish and administer a program that makes low-interest loans for the purposes of constructing and renovating medical offices in Health Enterprise Zones as described in section 1 of P.L.2004, c.139 (C.54A:3-7) and the offices of a qualified practice that is located within 5 miles of a Health Enterprise Zone and purchasing medical equipment for use by primary care providers as defined in N.J.S.18A:71C-32 at practices located in Health Enterprise Zones or at qualified practices that are located within 5 miles of a Health Enterprise Zone. The executive director shall adopt rules and regulations, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), necessary to effectuate the purposes of this section.

b. For the purposes of this section:

"Qualified practice" means a practice at which 50% or more of the total amount received for services at that practice for the taxable year are qualified receipts and 50% or more of the patients whose services are compensated by qualified receipts reside in a Health Enterprise Zone; and

"Qualified receipts" means amounts received for services from the Medicaid program pursuant to P.L.1968, c.413 (C.30:4D-1 et seq.), including amounts received from managed care organizations under contract with the Medicaid program, the FamilyCare Health Coverage Program pursuant to P.L.2000, c.71 (C.30:4J-1 et seq.), and the Children's Health Care Coverage Program pursuant to P.L.1997, c.272 (C.30:4I-1 et seq.) for providing health care services to eligible program recipients.

C.54:4-3.160 Resolution to provide property tax exemption for medical practices in Health Enterprise Zones.

4. A municipality that has within its boundaries a Health Enterprise Zone as described in section 1 of P.L.2004, c.139 (C.54A:3-7) may adopt a resolution that provides for an exemption from taxation as real property of that portion of a structure or building that is used to house a medical or dental primary care practice as defined in N.J.S.18A:71C-32 and that is located in that designated area. The exemption shall be in effect for tax years that are within the period of designation as a State designated underserved area and shall be contingent upon an annual application therefor filed by the property owner with, and approved by, the local tax assessor.

C.54:4-3.161 Tenant rebate to medical dental practice, administration.

5. a. Upon the granting of an exemption from taxation as real property pursuant to section 4 of P.L.2004, c.139 (C.54:4-3.160), an owner of the building or structure granted the exemption shall rebate to a tenant engaged in the medical or dental primary care practice an amount equal to the exemption, which may be a lump sum or rebated through discounted rental payments.

b. The tenant engaged in the medical or dental primary care practice or the owner of the building or structure granted the exemption shall annually submit proof to the local tax assessor that the amount of the exemption was rebated to the eligible tenant. If proof satisfactory to the tax assessor is not provided in the manner that the tax assessor shall establish, the exemption shall not be allowed for the tax year and the owner of the property shall refund the amount of the exemption for that tax year to the municipal tax collector.

6. This act shall take effect on the 180th day following the date of enactment, except that section 2 shall apply to taxable years beginning after enactment

Approved September 2, 2004.