

Health Enterprise Zones

This Act enables the state commissioner of health and senior services to designate medically underserved areas as Health Enterprise Zones (HEZs) and to offer financial incentives to doctors and dentists to practice in an HEZ. Qualified primary care physicians and dentists who practice in an HEZ will be:

- allowed to deduct from their taxable income an amount of their net income from the practice that is proportional to their gross receipts from providing health care services to eligible recipients of the Medicaid program and the state FamilyCare program at their practices located in an HEZ;
- eligible to apply for low-interest loans, under a new loan program created under the bill and administered by the state Economic Development Authority, for the purposes of constructing and renovating their office spaces in an HEZ and purchasing medical equipment for use in their practices in an HEZ; and
- eligible for an exemption from taxation as real property for their qualified medical and dental offices located in an HEZ in which they provide health care services, if the municipality in which the HEZ is located adopts a resolution to that effect.

Primary care physicians and dentists who practice within five miles of an HEZ will also be allowed the gross income tax deduction and will be eligible for the loan program if at least half of their gross receipts at the practice are from providing health care services to eligible recipients of the Medicaid program and the state FamilyCare program and at least half of those eligible Medicaid and FamilyCare recipients to whom they provide services are residents of an HEZ.

Submitted as:

New Jersey

Chapter 139 of 2004

Status: Enacted into law in 2004.

Suggested State Legislation

(Title, enacting clause, etc.)

1 Section 1. [*Short Title.*] This Act may be cited as “An Act Creating Health Enterprise
2 Zones In Certain Municipalities.”

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4 Section 2. [*Designation of "Health Enterprise Zones."*] Each area that is designated by the
5 [Commissioner of Health and Senior Services] as an underserved area pursuant to [insert
6 citation] shall be deemed to be a “Health Enterprise Zone” for the purposes of this Act.

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8 Section 3. [*Tax Deduction for Qualified Receipts, Definitions.*]

9 (A) A taxpayer who is providing primary care as defined in [insert citation] at a practice
10 that is located in a Health Enterprise Zone or a qualified practice that is located within [5 miles]
11 of a Health Enterprise Zone; shall be allowed to deduct from the taxpayer's gross income in a
12 taxable year an amount equal to that proportion of the taxpayer's net income deriving from that
13 practice for the taxable year that the qualified receipts of that practice for the taxable year bear to
14 the total amount received for services at that practice for the taxable year.

15 (B) For the purposes of this section; “Qualified practice” means a practice at which [50%
16 or more] of the total amount received for services at that practice for the taxable year are
17 qualified receipts and [50% or more] of the patients whose services are compensated by qualified
18 receipts reside in a Health Enterprise Zone. “Qualified receipts” means amounts received for
19 services from the Medicaid program pursuant to [insert citation], including amounts received
20 from managed care organizations under contract with the Medicaid program, the [FamilyCare
21 Health Coverage Program] pursuant to [insert citation], and the [Children's Health Care
22 Coverage Program] pursuant to [insert citation] for providing health care services to eligible
23 program recipients.
24

25 Section 4. [*Low-Interest Loans for Medical Offices in Health Enterprise Zones,*
26 *Definitions.*]

27 (A) In consultation with the [Commissioner of Health and Senior Services], the
28 [Executive Director of the state Economic Development Authority] shall establish and
29 administer a program to make low-interest loans available to construct and renovate medical
30 offices in Health Enterprise Zones and the offices of a qualified practice that is located within [5
31 miles] of a Health Enterprise Zone and to purchase medical equipment for use by primary care
32 providers as defined in [insert citation] at practices located in Health Enterprise Zones or at
33 qualified practices that are located within [5 miles] of a Health Enterprise Zone. The [executive
34 director] shall adopt rules and regulations, pursuant to this state’s [Administrative Procedure
35 Act], [insert citation], necessary to effectuate the purposes of this section.

36 (B) For the purposes of this section, “Qualified practice” means a practice at which
37 [50%] or more of the total amount received for services at that practice for the taxable year are
38 qualified receipts and [50%] or more of the patients whose services are compensated by qualified
39 receipts reside in a Health Enterprise Zone. “Qualified receipts” means amounts received for
40 services from the Medicaid program pursuant to [insert citation], including amounts received
41 from managed care organizations under contract with the Medicaid program, the [FamilyCare
42 Health Coverage Program] pursuant to [insert citation], and the [Children's Health Care
43 Coverage Program] pursuant to [insert citation] for providing health care services to eligible
44 program recipients.
45

46 Section 5. [*Resolution to Provide Property Tax Exemption for Medical Practices in*
47 *Health Enterprise Zones.*] A municipality that has within its boundaries a Health Enterprise Zone
48 may adopt a resolution that provides for an exemption from taxation as real property of that
49 portion of a structure or building that is used to house a medical or dental primary care practice
50 that is located in that designated area. The exemption shall be in effect for tax years that are
51 within the period of designation as a state designated underserved area and shall be contingent
52 upon an annual application filed by the property owner with, and approved by, the local tax
53 assessor.
54

55 Section 6. [*Tenant Rebate to Medical Dental Practice, Administration.*]

56 (A) Upon the granting of an exemption from taxation as real property, an owner of the
57 building or structure granted the exemption shall rebate to a tenant engaged in the medical or
58 dental primary care practice an amount equal to the exemption, which may be a lump sum or
59 rebated through discounted rental payments.

60 (B) The tenant engaged in the medical or dental primary care practice or the owner of the
61 building or structure granted the exemption shall annually submit proof to the local tax assessor
62 that the amount of the exemption was rebated to the eligible tenant. If proof satisfactory to the
63 tax assessor is not provided in the manner that the tax assessor shall establish, the exemption

64 shall not be allowed for the tax year and the owner of the property shall refund the amount of the
65 exemption for that tax year to the municipal tax collector.

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67 Section 7. [*Severability.*] [Insert severability clause.]

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69 Section 8. [*Repealer.*] [Insert repealer clause.]

70

71 Section 9. [*Effective Date.*] [Insert effective date.]