

SENATE, No. 1474

STATE OF NEW JERSEY 220th LEGISLATURE

INTRODUCED FEBRUARY 10, 2022

Sponsored by:

Senator JAMES BEACH

District 6 (Burlington and Camden)

SYNOPSIS

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

CURRENT VERSION OF TEXT

As introduced.



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:
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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 Medical expenses shall include, but not be limited to, the amount
42 paid by the taxpayer for umbilical cord blood banking services.

43 (e) Definitions.

44 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.

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

STATEMENT

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