

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 944
Ways and Means

(Delegates K. Young and Guyton)

Income Tax - Subtraction Modification - Living Organ Donors

This bill expands the existing living organ donor State income tax subtraction modification by increasing from \$7,500 to \$10,000 the maximum value of the subtraction modification. **The bill takes effect July 1, 2020, and applies to tax year 2020 and beyond.**

Fiscal Summary

State Effect: General fund revenues will decrease by a minimal amount beginning in FY 2021 as a result of additional subtraction modifications claimed against the personal income tax. The annual revenue loss is expected to be less than \$10,000. Expenditures are not affected.

Local Effect: Local revenues decrease by a minimal amount beginning in FY 2021. The annual revenue loss is expected to be less than \$6,500. Local expenditures are not affected.

Small Business Effect: None.

Analysis

Current Law: Chapter 36 of 2018 established a subtraction modification for up to \$7,500 of the qualified expenses incurred by a living organ donor. An individual who donates all or part of the individual's liver, kidney, intestine, pancreas, lung, or bone marrow for transplant in another individual is eligible to claim the subtraction modification. Eligible expenses include the unreimbursed travel and lodging expenses and lost wages that are attributable to the organ donation. Subtraction modifications can be claimed beginning with tax year 2018.

Background: In 2017, 360 organs were donated in Maryland, of which 144 were from living donors and 216 were from deceased individuals. Despite the advances in organ transplant medicine and increased awareness, the organ donor waiting list has grown over time both in the United States and Maryland.

State Revenues: The bill expands the living organ donor subtraction modification beginning in tax year 2020. Based on the number of expected qualifying donors, general fund revenues will decrease by a minimal amount beginning in fiscal 2021. The annual revenue loss is expected to be less than \$10,000.

Local Revenues: Local income tax revenues will decrease by a minimal amount beginning in fiscal 2021 as a result of additional subtraction modifications claimed against the personal income tax. The annual revenue loss is expected to be less than \$6,500.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 651 (Senator Young, *et al.*) - Budget and Taxation.

Information Source(s): Comptroller's Office; Department of Legislative Services

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mr/hlb

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