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By: **Delegates Cryor, Bartlett, Bohanan, Dumais, Elmore, Feldman, Gutierrez, Hogan, Kach, Kaiser, Kohl, Lawton, Morhaim, O'Donnell, Shewell, Sossi, Stull, and ~~Weldon~~ Weldon, Boschert, Bozman, Cardin, C. Davis, Gilleland, Goodwin, Gordon, Healey, Heller, Hixson, Howard, King, Marriott, McKee, Myers, Patterson, Ramirez, and Ross**

Introduced and read first time: February 8, 2006

Assigned to: Ways and Means

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 19, 2006

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Income Tax - Subtraction Modification for Living Organ Donors**

3 FOR the purpose of allowing a subtraction modification under the Maryland income  
 4 tax for forgone earned income attributable to the donation of certain organs for  
 5 organ transplant under certain circumstances; limiting the subtraction to a  
 6 certain amount; providing for calculation of the subtraction; limiting the  
 7 number of claims per individual; limiting the period in which the claim may be  
 8 made; requiring an individual to file certain documentation with the  
 9 individual's income tax return to claim the subtraction; defining certain terms;  
 10 providing for the application of this Act; and generally relating to an income tax  
 11 subtraction modification for donating certain organs for organ transplantation.

12 BY repealing and reenacting, without amendments,  
 13 Article - Tax - General  
 14 Section 10-208(a)  
 15 Annotated Code of Maryland  
 16 (2004 Replacement Volume and 2005 Supplement)

17 BY adding to  
 18 Article - Tax - General  
 19 Section 10-208(q)  
 20 Annotated Code of Maryland  
 21 (2004 Replacement Volume and 2005 Supplement)

1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
2 MARYLAND, That the Laws of Maryland read as follows:

3 **Article - Tax - General**

4 10-208.

5 (a) In addition to the modification under § 10-207 of this subtitle, the  
6 amounts under this section are subtracted from the federal adjusted gross income of  
7 a resident to determine Maryland adjusted gross income.

8 (Q) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE  
9 MEANINGS INDICATED.

10 (II) "EARNED INCOME" HAS THE MEANING STATED IN § 32 OF THE  
11 INTERNAL REVENUE CODE.

12 (III) "ORGAN" INCLUDES ALL OR PART OF A LIVER, KIDNEY,  
13 PANCREAS, INTESTINE, LUNG, AND BONE MARROW.

14 (IV) "RECOVERY PERIOD" MEANS THE PERIOD OF TIME BEGINNING  
15 ON THE DAY ON WHICH A DONATING INDIVIDUAL UNDERGOES AN ORGAN  
16 TRANSPLANT PROCEDURE AND ENDING ON THE 90TH DAY FOLLOWING THE  
17 ~~OPERATION~~ PROCEDURE.

18 (2) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION  
19 INCLUDES AN AMOUNT EQUAL TO THE EARNED INCOME THAT A LIVING INDIVIDUAL  
20 FORGOES DURING THE RECOVERY PERIOD ATTRIBUTABLE TO THE DONATION OF  
21 ONE OR MORE OF THE INDIVIDUAL'S ORGANS TO ANOTHER HUMAN BEING FOR  
22 ORGAN TRANSPLANTATION.

23 (3) THE SUBTRACTION UNDER THIS SUBSECTION MAY NOT EXCEED  
24 \$10,000 FOR THE TAXABLE YEAR.

25 (4) FOR PURPOSES OF THIS SUBSECTION, THE FORGONE EARNED  
26 INCOME OF THE INDIVIDUAL MAY BE ESTABLISHED:

27 (I) BY COMPUTING THE SALARY OR WAGES THE INDIVIDUAL  
28 WOULD HAVE EARNED DURING THAT PORTION OF THE RECOVERY PERIOD THAT  
29 FALLS WITHIN THE TAXABLE YEAR IF THE INDIVIDUAL HAD REMAINED WORKING IN  
30 THE POSITION OF EMPLOYMENT HELD IMMEDIATELY BEFORE THE TRANSPLANT,  
31 REDUCED BY THE SALARY OR WAGES ACTUALLY EARNED DURING THIS PERIOD;

32 (II) BY USING AN AMOUNT EQUAL TO THE AMOUNT OF EARNED  
33 INCOME THE INDIVIDUAL EARNED FOR THE SAME DATES AND DURATION IN THE  
34 TAXABLE YEAR IMMEDIATELY PRECEDING THE TAXABLE YEAR IN WHICH THE  
35 SUBTRACTION IS CLAIMED, REDUCED BY THE EARNED INCOME ACTUALLY EARNED  
36 BY THE TAXPAYER DURING THAT PORTION OF THE RECOVERY PERIOD THAT IS  
37 WITHIN THE CURRENT TAXABLE YEAR; OR

1 (III) BY REGULATIONS ESTABLISHED BY THE COMPTROLLER.

2 (5) THE SUBTRACTION UNDER THIS SUBSECTION MAY ONLY BE ~~MADE~~  
3 ALLOWED ONCE DURING THE INDIVIDUAL'S LIFETIME.

4 (6) THE SUBTRACTION UNDER THIS SUBSECTION MAY ONLY BE ~~MADE~~  
5 ALLOWED FOR THE TAXABLE YEAR IN WHICH THE HUMAN ORGAN  
6 ~~TRANSPLANTATION~~ TRANSPLANT PROCEDURE OCCURS.

7 (7) TO QUALIFY FOR THE SUBTRACTION UNDER THIS SUBSECTION, AN  
8 INDIVIDUAL SHALL FILE WITH THE INDIVIDUAL'S INCOME TAX RETURN A WRITTEN  
9 CONFIRMATION OF THE DONATION PROCEDURE FROM A PHYSICIAN OR HOSPITAL.

10 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
11 July 1, 2006, and shall be applicable to all taxable years beginning after December 31,  
12 2005.