

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 48

(Senator Young, *et al.*)

Budget and Taxation

Ways and Means

Income Tax - Subtraction Modification - Living Organ Donors

This bill expands the existing living organ donor State income tax subtraction modification by (1) increasing from \$7,500 to \$10,000 the maximum value of the subtraction modification and (2) allowing individuals to deduct unreimbursed child or elder care expenses and medication expenses attributable to a qualified organ donation. **The bill takes effect July 1, 2021, and applies to tax year 2021 and beyond.**

Fiscal Summary

State Effect: General fund revenues will decrease by a minimal amount beginning in FY 2022 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 2022. 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.

State Revenues: The bill expands the living organ donor subtraction modification beginning in tax year 2021. Based on the number of expected qualifying donors, general fund revenues will decrease by a minimal amount beginning in fiscal 2022. 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 2022 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: SB 651 of 2020 passed the Senate and was referred to the House Ways and Means Committee, but no further action was taken. Its cross file, HB 944, received a hearing in the House Ways and Means Committee, but no further action was taken.

Designated Cross File: HB 10 (Delegate K. Young) - Ways and Means.

Information Source(s): Comptroller's Office; U.S. Department of Health and Human Services Organ Procurement and Transplantation Network; Department of Legislative Services

Fiscal Note History: First Reader - January 12, 2021
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