Department of Legislative Services

Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 793 (Senator Lam)
Budget and Taxation

Income Tax - Credit for Paid Organ Donation Leave

This bill establishes a nonrefundable State income tax credit for qualified employers that provide an eligible employee with paid organ donation leave (as defined). The credit is equal to 100% of the wages paid to the eligible employee during the first 12 weeks of the organ donation leave. Any unused amount may be carried forward up to 3 tax years. To qualify, an employer must maintain a written policy providing paid organ donation leave and pay an eligible employee at least 100% of the employee's regular wages during any organ donation leave. The Maryland Department of Health (MDH) must administer the tax credit application, approval, and certification process and report to the Comptroller by January 31 annually on tax credit certificates issued. MDH and the Comptroller must jointly adopt regulations to implement the bill. **The bill takes effect July 1, 2026, and applies to tax year 2026 and beyond.**

Fiscal Summary

State Effect: General fund revenues decrease by an indeterminate amount annually beginning in FY 2027. To the extent credits are claimed against the corporate income tax, Higher Education Investment Fund (HEIF) revenues and Transportation Trust Fund (TTF) revenues and expenditures also decrease, as may Strategic Energy Investment Fund (SEIF) revenues. General fund expenditures for MDH may increase beginning in FY 2027, as discussed below.

Local Effect: Local highway user revenues decrease beginning in FY 2027 to the extent credits are claimed against the corporate income tax. Local expenditures are not affected.

Small Business Effect: Minimal.

Analysis

Bill Summary: "Eligible employee" is defined as an individual who is employed by a qualified employer and who provides written verification from a licensed physician that the individual donated one or more of the individual's organs to another individual for organ transplant. "Organ donation leave" means a period that an eligible employee is absent from employment for the purpose of donating an organ and that is in addition to any other paid leave benefits offered by the employer, including any benefits offered in accordance with the State's Family and Medical Leave Insurance Program.

A qualified employer must apply to MDH for a tax credit certificate. The application must include specified information, including proof of the wages paid and organ donation leave benefits accrued to each eligible employee. On receipt of an application, MDH must notify the applicant of its decision within 45 days.

Current Law: The State does not offer an income tax credit for paid organ donation leave benefits, specifically. However, an individual may claim an income tax subtraction modification for up to $10,000 of qualified expenses paid or incurred by a living organ donor during the tax year. "Qualified expenses" include any unreimbursed travel expenses, lodging expenses, child or elder care expenses, medication expenses, or lost wages attributable to the donation.

State Fiscal Effect: General fund revenues decrease by an indeterminate amount annually beginning in fiscal 2027 due to credits claimed against the income tax. Due to data limitations, the precise effect cannot be reliably estimated at this time. To the extent credits are claimed against the corporate income tax, HEIF and TTF revenues also decrease, as do TTF expenditures for local highway user revenue grants. To the extent credits are claimed against the corporate income tax by a corporation that operates a qualified data center, SEIF revenues are also affected.

MDH advises that the bill's impact on agency operations and expenditures is unknown at this time. To the extent the bill necessitates expenditures for personnel or other administrative costs, general fund expenditures for MDH increase.

Local Effect: Local highway user revenues decrease beginning in fiscal 2027 to the extent credits are claimed against the corporate income tax.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: HB 1410 (Delegate Simmons) - Ways and Means.

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

Fiscal Note History: First Reader - March 1, 2026
me/jrb

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