

Legislative Analysis



LIVE ORGAN DONATION TAX CREDIT

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<http://www.house.mi.gov/hfa>

House Bill 4361 as introduced
Sponsor: Rep. Felicia Brabec
1st Committee: Health Policy
2nd Committee: Tax Policy
Complete to 2-5-24

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4361 would amend the Income Tax Act to create a one-time tax credit for *live organ donation expenses*. The credit would be available for tax years beginning on or after January 1, 2023, and would be worth the lesser of \$5,000 or the live organ donation expenses incurred during the tax year. The credit would be nonrefundable.

Live organ donation expenses would mean the total amount of expenses incurred by a taxpayer that are directly related to a *live organ donation* by the taxpayer or another individual the taxpayer is allowed to claim as a dependent under the Income Tax Act and that are not reimbursed to that taxpayer by any person. They would include travel, lodging, or lost wages as may be defined by rule by the Department of Treasury.

Live organ donation would mean that an individual who is living donates one or more of their *human organs* to another human to be transplanted to the other human's body through a medical procedure.

Human organ would mean the human kidney, liver, heart, lung, pancreas, intestine, bone marrow, cornea, eye, bone, skin, cartilage, dura mater, ligaments, tendons, fascia, pituitary gland, and middle ear structures and any other human organ specified by rule by the Department of Health and Human Services (DHHS). However, it would not include whole blood, blood plasma, blood products, blood derivatives, other self-replicating body fluids, or human hair.

Proposed MCL 206.280

FISCAL IMPACT:

The bill would potentially reduce individual income tax revenue, albeit by a small amount. Based on national data from the Organ Procurement and Transplant Network scaled to Michigan, a full \$5,000 credit per donation would reduce income tax revenue by about \$1.5 million. Almost all of the impact would be borne by the general fund, as the credit affects income tax refunds. To the extent that credits are less than \$5,000 maximum or the number of donations declines, the fiscal impact would be reduced.

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