

HB2137

HD2

Measure Title:
RELATING TO HEALTH.

Report Title:
Tax Credit; Organ Donation

Description:
Provides a tax credit for expenses related to an organ donation. (HB2137 HD2)

Package:
The Filipino Caucus

Introducer(s):
MIZUNO, AWANA, CHANG, MAGAOAY, RHOADS

Current Referral:
HTH, EDT, WAM

LINDA LINGLE
GOVERNOR

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SENATE COMMITTEE ON HEALTH

TESTIMONY REGARDING HB 2137 HD 2 RELATING TO HEALTH

TESTIFIER: KURT KAWAFUCHI, DIRECTOR OF TAXATION (OR DESIGNEE)

DATE: MARCH 10, 2008

TIME: 2:45PM

ROOM: 016

This bill provides a tax credit up to an unspecified amount for the costs associated with the donation of an organ.

The House Committee on Health amended the bill by providing the Department with the authority to issue credits on a first-to-file basis.

The House Committee on Finance amended the measure requiring maximum adjusted gross incomes in order to claim the credit, as well as unspecifying the credit amounts.

The House of Representatives passed this measure on third reading.

The Department of Taxation **provides comments** on this legislation.

I. TECHNICAL COMMENTS

Definition of Organ—The Department notes that the definition of "organ" is rather limited. The Department strongly urges the Committee to consider all possible organs that are commonly donated between living persons to assure that there is no organ inadvertently left off of this list.

Lost Wages—The Department questions the inclusion of lost wages as a qualifying "expense." Lost wages are not expenses and the taxpayer already does not have to pay tax on the lost wages. However, the Department suggests that medical expenses be added to the list since these costs may not be covered by insurance.

No Credit Should be Allowed if Expense is Deducted—To the extent the taxpayer took a medical expense deduction for the expense, no credit should be allowed under this section.

However, the taxpayer should be entitled to count towards the credit under this section the amount of the expenses that did not exceed the 7.5% of adjusted gross income floor of the medical expense deduction.

Compliance with all law, regulations—In order to qualify for the tax credit, taxpayer must be "in compliance with all applicable federal, state and country statutes, rules and regulations and has donated one or more of the taxpayer's human organs for the purpose of an organ transplant during the taxable year." [emphasis added]. As this currently reads, a parking violation would disqualify a taxpayer from receiving the credit. Without further clarification as to which laws are applicable, the Department finds such compliance with this requirement to be unenforceable. The Department therefore suggests that the requirements for compliance with all applicable laws be clarified.

II. REVENUE ESTIMATE.

This bill is estimated to result in an indeterminate revenue loss due to unspecified limits. However, assuming the previous \$1,000 cap per individual, it is estimated that there will be a revenue loss of approximately \$15,000 per year. There have been on average 17 living donors per year. Taking into consideration that the number of living donors is increasing in Hawaii, and taking into account the AGI limitations of the credit, it is estimated that approximately 15 people will qualify for the credit each year.

**THE SENATE
THE TWENTY-FOURTH LEGISLATURE
REGULAR SESSION OF 2008
COMMITTEE ON HEALTH**

Monday, March 10, 2008
2:45 PM Room 016, State Capitol

Testimony in SUPPORT of HB2137, HD2

By

**Stephen A. Kula, Ph.D., NHA
Executive Director, Organ Donor Center of Hawaii**

My name is Steve Kula; I am the Executive Director of the Organ Donor Center of Hawaii and member of the Hawaii Coalition on Donation. I am here to give testimony in **SUPPORT of HB2137, HD2**. We believe that this Bill would provide needed assistance to the citizens of our state who wish to be living donors and help someone in need of an organ transplant.

For the past 20 years, Organ Donor Center of Hawaii has strived to provide transplantable organs from deceased donors to our local community. Despite our efforts, however, Hawaii's waitlist continues to grow and every year people die while waiting. It is clear that we need alternatives to the decreasing number of donation, and living donors is a viable source of organs for transplant. You can make this possible by passing HB2137, HD1. It will reduce a financial barrier and help offset expenses a living donor will incur in saving someone else's life.

Thank you for your consideration.