

January 21, 2008

**Before
Honorable Josh Green, Chair
Honorable John Mizuno, Vice-Chair
House Committee on Health**

Public Hearing - 8:30AM Tuesday, January 23, 2008 - Conference Room 329

RE: Testimony in strong support of HB 2137 - Relating to Health
Provides a tax credit for expenses related to an organ donation

**The Honorable Josh Green, Chair; Honorable John Mizuno, Vice-Chair
and members of the committee:**

My name is Tony L. Sagayadoro, Program Coordinator of the Minority Organ Tissue Transplant Education Program (MOTTEP) and member of the Hawaii Coalition on Donation, a 2000 Kidney Transplant Recipient and I appreciate the opportunity to testify in support of the intention of HB 2137 which provide and allow a one time tax credit for expenses related to organ donation..

We fully support the passage of the intention of HB 2137 for the following reasons:

- recognize the financial burden, and offers an amount of relief to an individuals who gives so much of themselves by giving the *Gift of Life*
- remove one barrier for a potential living donor to consider
- encourage more people to serve as living donors
- helps increase the supply of the critically needed organs and bone marrow
- saves the lives of critically ill patients who needs organ transplant
- Other states have already passed similar legislation to address the critical shortage of organs for transplantation: Arkansas, signed into law, March, 2005; Georgia, signed into law, April, 2004; Idaho, signed into law, July, 2006; Iowa, signed into law, May, 2005; Minnesota, signed into law, July, 2005; New Mexico, signed into law, April 2005; North Dakota, signed into law, March, 2005; Utah, signed into law, March, 2005; other states like Oklahoma, Wisconsin; and other states who have pending legislation.

We urge that you give HB 2137 your favorable consideration.

Thank you.

Sincerely,

Tony L. Sagayadoro

LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
LT. GOVERNOR



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LATE
Testimony

HOUSE COMMITTEE ON HEALTH

TESTIMONY REGARDING HB 2137 RELATING TO HEALTH

January 23, 2008

This bill provides a tax credit up to \$15,000 for the costs associated with the donation of an organ. The bill applies to taxable years beginning after December 31, 2007.

The Department of Taxation **takes no position** on this legislation.

I. 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. The Department also suggests that the definition be clarified to assure that the definition of "organ" does not include blood, plasma, or other commonly donated bodily fluids.

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.

To the extent the taxpayer took a medical expense deduction for the expense, no deduction should be allowed under this section. However, the taxpayer should be entitled to deduct 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.

II. CREDIT CAP

The tax credit is limited to \$15,000 for every taxpayer per year. The Department foresees difficulty in the administration of this limitation amount. The Department questions how a determination will be made for those taxpayer's nearing the cutoff amount. A determination will need to be made on which taxpayers will receive the credit and which will not. The Department therefore suggests further clarification into the application of this limitation.

III. COMPLIANCE WITH ALL LAWS PROVISION

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 found in section (b) be clarified.

IV. UNNECESSARY PROVISION

The Department finds section (h) to be superfluous and unnecessary. The Department currently has broad rulemaking and compliance authority.

V. REVENUE ESTIMATE.

This bill is estimated to result in a revenue loss of \$15,000 for FY 2009.

Thank you for the opportunity to testify.

Respectfully submitted,

KURT KAWAFUCHI
Director of Taxation