

**DEPARTMENT OF TAXATION  
2025 Fiscal Impact Statement**

1. **Patron** Karrie K. Delaney

2. **Bill Number** HB 2262

3. **Committee** House Finance

**House of Origin:**

  X   **Introduced**

       **Substitute**

       **Engrossed**

4. **Title** Income Tax: Organ Donation Leave Tax Credit

**Second House:**

       **In Committee**

       **Substitute**

       **Enrolled**

**5. Summary/Purpose:**

This bill would provide a nonrefundable individual and corporate income tax credit to private employers for an amount equal to employee compensation paid, if any, to the organ donor during the organ donation leave and the cost of temporary replacement help, if any, during the organ donation leave of an organ donor employee. The credit would not be subject to an annual credit cap.

This bill would become effective for taxable years beginning on and after January 1, 2025, but before January 1, 2030.

6. **Budget amendment necessary:** Yes.  
Item(s): 258 and 260, Department of Taxation

7. **Fiscal Impact Estimates are:** Preliminary. (See Line 8.)

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2025-26	\$144,680	0	GF

**8. Fiscal implications:**

Administrative Costs

The Department of Taxation (“the Department”) estimates that this bill would result in administrative costs as shown above in Line 7a. These costs include the expenses associated with implementing a new tax credit program, including updating technology, forms, and systems. Any costs thereafter would be considered routine.

Revenue Impact

This bill would have an unknown negative General Fund revenue impact beginning in FY 2026 and continuing each year thereafter. The revenue loss associated with this bill is unknown because it is not known how many Virginia employees have taken organ

donation leave, the amount received in compensation during such leave, and whether any replacement help was used during such leave.

Virginia currently allows a deduction for expenses associated with organ and tissue donation not included in a taxpayer's federal itemized medical deduction. In 2022, there were 157 taxpayers who claimed this deduction for a total amount of \$326,433. However, because this deduction is based on individual taxpayer expenses and the credit proposed by this bill is based on employer expenses associated with organ donation leave, this number may not fairly represent the number of taxpayers who would be eligible to claim the proposed credit. As a result, the revenue impact of this bill is unknown.

**9. Specific agency or political subdivisions affected:**

Department of Taxation

**10. Technical amendment necessary:** No.

**11. Other comments:**

Current Law

In 2007, the General Assembly enacted a deduction for organ and tissue donor expenses incurred by living donors of organs or other living tissues. This deduction is equal to the lesser of \$5,000 or the amount actually paid by the taxpayer for unreimbursed out-of-pocket expenses directly related to the donation that arose within 12 months of such donation. A bone marrow donor may deduct the fee for initial screenings. The taxpayer cannot claim this deduction if he had already taken a federal itemized medical deduction for the same expenses. In 2022, there were 157 taxpayers who claimed this deduction for a total amount of \$326,433. Applying an average individual income tax rate of 5.43 percent, the revenue loss associated with this deduction for 2022 was equal to approximately \$17,725.

Proposed Legislation

This bill would provide a nonrefundable individual and corporate income tax credit to private employers for an amount equal to employee compensation paid, if any, to the organ donor during the organ donation leave and the cost of temporary replacement help, if any, during the organ donation leave of an organ donor employee. The credit would not be subject to an annual credit cap.

"Organ donation leave" would be defined as a period of employment leave received by an employee organ donor as authorized by *Va. Code Ann.* § 40.1-33.8.

"Organ donor" would be defined as a person from whose body a whole or partial organ is taken to be transferred to the body of another person. "Organ donor" would include a person who donates bone marrow or a whole or partial liver.

"Private employer" would be defined as a sole proprietor, corporation, partnership, limited liability company, or other entity with one or more employees. "Private employer" would

not include a municipality, county, state agency, institution of higher education, or other public employer.

The amount of the credit claimed in any single taxable year would not be permitted to exceed the employer's income tax liability for that taxable year. If the amount of credit exceeds the employer's income tax liability for the taxable year in which the credit was earned, the amount that exceeds the tax liability would be permitted to be carried over for credit against the income taxes of the employer in the next five taxable years or until the total amount of the tax credit has been taken, whichever is sooner.

This bill would become effective for Taxable Years beginning on and after January 1, 2025, but before January 1, 2030.

cc : Secretary of Finance

Date: 01/23/2025 JLOF  
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