

**DEPARTMENT OF TAXATION  
2024 Fiscal Impact Statement**

- 1. **Patron** Karrie K. Delaney
- 3. **Committee** House Finance
- 4. **Title** Organ Donation Leave Tax Credit

- 2. **Bill Number** HB 762  
**House of Origin:**  
 **Introduced**  
 **Substitute**  
 **Engrossed**  
  
**Second House:**  
 **In Committee**  
 **Substitute**  
 **Enrolled**

**5. Summary/Purpose:**

This bill would provide a nonrefundable individual and corporate income tax credit for private employers for costs incurred while their employees are on organ donation leave. The credit would provide an amount equal to the employee compensation paid and the cost of temporary replacement help, if any, during the organ donation leave. Taxpayers would be able to carry forward any unused credit for five years.

This bill would be effective for taxable years beginning on and after January 1, 2024, but before January 1, 2029.

- 6. **Budget amendment necessary:** No.
- 7. **Fiscal Impact Estimates are:** Preliminary. (See Line 8.)
- 8. **Fiscal implications:**

Administrative Costs

The Department of Taxation (“the Department”) considers implementation of this bill as routine and does not require additional funding.

Revenue Impact

This bill would have an unknown negative General Fund revenue impact. 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 2021, there were 129 taxpayers who claimed this deduction for a total amount of \$249,021. 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 2021, there were 129 taxpayers who claimed this deduction for a total amount of \$249,021. Applying an average individual income tax rate of 5.45 percent, the revenue loss associated with this deduction for 2021 was equal to approximately \$14,000.

Proposed Legislation

This bill would provide a nonrefundable individual and corporate income tax credit for private employers for costs incurred while their employees are on organ donation leave. The credit would provide an amount equal to the employee compensation paid and the cost of temporary replacement help, if any, during the organ donation leave. Taxpayers may carry forward any unused credit for five years.

"Organ donation leave" would be defined as a period of employment leave received by an employee organ donor. Under Virginia law this could be up to sixty business days of organ donation leave in any twelve-month period to serve as an organ donor and up to thirty business days of organ donation leave in any twelve-month period to serve as a bone marrow donor.

"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 and 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 and would not mean a municipality, county, state agency, institution of higher education, or other public employer.

The amount of any credit claimed by a partnership or electing small business corporation (S corporation) would be allocated to the individual partners or shareholders in proportion to their ownership or interest in the partnership or S corporation.

This bill would be effective for taxable years beginning on and after January 1, 2024, but before January 1, 2029.

cc : Secretary of Finance

Date: 1/28/2024 ALS  
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