

# DEPARTMENT OF TAXATION

## 2007 Fiscal Impact Statement

1. **Patron** Kristen J. Amundson

2. **Bill Number** HB 2220

3. **Committee** Passed House and Senate

**House of Origin:**

           **Introduced**

           **Substitute**

           **Engrossed**

4. **Title** Individual Income Tax; Deduction for  
Unreimbursed Organ Donation Expenses

**Second House:**

           **In Committee**

           **Substitute**

  X   **Enrolled**

### 5. **Summary/Purpose:**

This bill would provide an individual income tax deduction for the amount of unreimbursed out-of-pocket expenses paid by a living donor of an organ or other living tissue. The deduction would be limited to the lesser of the amount of the expenses or \$5,000. The taxpayer could not claim this deduction if he had already taken a federal medical deduction for these expenses.

This bill would be effective for taxable years beginning on or after January 1, 2007.

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

7. **Budget amendment necessary:** No.

### 8. **Fiscal implications:**

#### Administrative Costs

TAX considers the implementation of this bill as routine, and does not require additional funding.

#### Revenue Impact

Historical statistics on organ donors indicate that there will be approximately 190 living organ donors in Virginia each year in the near future. If all these donors claimed the maximum \$5,000 deduction, were in the highest tax bracket, and did not claim their out-of-pocket expenses on their federal return, the negative revenue impact would be less than \$55,000 per year.

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

Department of Taxation

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

## 11. Other comments:

### Federal Medical and Dental Expenses Deduction

Currently, if a taxpayer itemizes his deductions on his federal income tax return, the taxpayer may claim a deduction for the amount of medical and dental expenses that is greater than 7.5% of his federal adjusted gross income. Generally, taxpayers may take into account medical expenses paid for themselves, as well as those paid for someone who was either a spouse or a dependent when the medical services were paid for or provided. Because Virginia conforms to the Internal Revenue Code, this federal deduction would also flow through to the Virginia income tax return.

### Proposal

This bill would provide an income tax deduction to taxpayers who were living donors of organs or other living tissues. The deduction would be 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. The taxpayer could not claim this deduction if he had already taken a federal medical deduction for these expenses.

cc : Secretary of Finance

Date: 2/19/2007 AMS  
HB2220FER161