

Senator Karen Hale proposes the following substitute bill:

**INDIVIDUAL INCOME TAX - TAX CREDIT
FOR LIVE ORGAN DONATION EXPENSES**

2005 GENERAL SESSION

STATE OF UTAH

Sponsor: Karen Hale

Ron Allen

Gene Davis

Howard A. Stephenson

Curtis S. Bramble

LONG TITLE

General Description:

This bill modifies the Individual Income Tax Act to provide a nonrefundable individual income tax credit.

Highlighted Provisions:

This bill:

- ▶ provides definitions;
- ▶ provides a nonrefundable individual income tax credit for live organ donation expenses incurred during the taxable year for which a live organ donation occurs;

and

- ▶ grants rulemaking authority to the State Tax Commission;
- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill has retrospective operation for taxable years beginning on or after January 1, 2005.



26 **Utah Code Sections Affected:**

27 ENACTS:

28 **59-10-134.2**, Utah Code Annotated 1953

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30 *Be it enacted by the Legislature of the state of Utah:*

31 Section 1. Section **59-10-134.2** is enacted to read:

32 **59-10-134.2. Definitions -- Nonrefundable tax credit for live organ donation**
33 **expenses -- Rulemaking authority.**

34 (1) As used in this section:

35 (a) "human organ" means:

36 (i) human bone marrow; or

37 (ii) any part of a human:

38 (A) intestine;

39 (B) kidney;

40 (C) liver;

41 (D) lung; or

42 (E) pancreas;

43 (b) "live organ donation" means that an individual who is living donates one or more of
44 that individual's human organs:

45 (i) to another human; and

46 (ii) to be transplanted:

47 (A) using a medical procedure; and

48 (B) to the body of the other human; and

49 (c) (i) "live organ donation expenses" means the total amount of expenses:

50 (A) incurred by a taxpayer; and

51 (B) that:

52 (I) are not reimbursed to that taxpayer by any person;

53 (II) are directly related to a live organ donation by:

54 (Aa) the taxpayer; or

55 (Bb) another individual that the taxpayer is allowed to claim as a dependent in

56 accordance with Section 151, Internal Revenue Code; and

57 (III) are for:

58 (Aa) travel;

59 (Bb) lodging; or

60 (Cc) a lost wage.

61 (ii) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,
62 the commission may by rule define "lost wage."

63 (2) For taxable years beginning on or after January 1, 2005, a taxpayer may claim a
64 nonrefundable tax credit:

65 (a) as provided in this section;

66 (b) against taxes otherwise due under this chapter; and

67 (c) for live organ donation expenses incurred during the taxable year for which the live
68 organ donation occurs; and

69 (d) in an amount equal to the lesser of:

70 (i) the actual amount of the live organ donation expenses; or

71 (ii) \$10,000.

72 (3) If the amount of a tax credit under this section exceeds a taxpayer's tax liability
73 under this chapter for a taxable year, the amount of the tax credit that exceeds the taxpayer's tax
74 liability may be carried forward for a period that does not exceed the next five taxable years.

75 **Section 2. Retrospective operation.**

76 This bill has retrospective operation for taxable years beginning on or after January 1,
77 2005.

State Impact

Passage of this bill could result in a loss of Uniform School Fund of approximately \$50,000 annually.

	<u>FY 2006</u> <u>Approp.</u>	<u>FY 2007</u> <u>Approp.</u>	<u>FY 2006</u> <u>Revenue</u>	<u>FY 2007</u> <u>Revenue</u>
Uniform School Fund	\$0	\$0	(\$50,000)	(\$50,000)
TOTAL	\$0	\$0	(\$50,000)	(\$50,000)

Individual and Business Impact

Individuals could receive a tax benefit of as much as \$10,000.

Office of the Legislative Fiscal Analyst