

LEGISLATIVE FISCAL OFFICE

Fiscal Note



Fiscal Note On: **SB 26** SLS 05RS 4

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Sub. Bill For.:

Proposed Amd.:

Date: April 15, 2005 **1:40 PM**

Author: MCPHERSON

Dept./Agy.: Revenue

Analyst: Julie A. Samson

Subject: Living Organ Donation

TAX/INCOME/PERSONAL

OR -\$37,000 GF RV See Note

Page 1 of 1

Authorizes a deduction from taxable income of up to \$10,000 of expenses paid by a taxpayer if related to the taxpayer's travel or absence from work related to the taxpayer's or the taxpayer's spouse's living organ donation. (7/1/05)

Proposed legislation authorizes a deduction from state taxable income up to \$10,000 for certain expenses related to the taxpayer's or the taxpayer's spouse's living organ donation. Those expenses include: the cost of travel to and from where the donation operation takes place, lodging associated with the donation, and wages or other compensation lost because of the taxpayer's absence from work during the donation procedure and convalescence.

Effective July 1, 2005 and applicable to tax years beginning on or after January 1, 2005.

EXPENDITURES	2005-06	2006-07	2007-08	2008-09	2009-10	5 -YEAR TOTAL
State Gen. Fd.	\$7,500	\$0	\$0	\$0	\$0	\$7,500
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$7,500	\$0	\$0	\$0	\$0	\$7,500
REVENUES	2005-06	2006-07	2007-08	2008-09	2009-10	5 -YEAR TOTAL
State Gen. Fd.	(\$37,000)	(\$40,000)	(\$43,000)	(\$46,000)	(\$50,000)	(\$216,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	(\$37,000)	(\$40,000)	(\$43,000)	(\$46,000)	(\$50,000)	(\$216,000)

EXPENDITURE EXPLANATION

Proposed legislation would require the Louisiana Department of Revenue to add an additional line to Schedule E of the individual Income Tax Return. There would also be additional cost associated with programming changes. Revenue has estimated cost in the first year to be approximately \$7,500. Some of these costs would be attributable to each of the changes to the income tax return that might be enacted this session, and not entirely to just this particular proposal. Costs in the out years is expected to be minimal.

REVENUE EXPLANATION

Proposed legislation could result in the maximum decreases in general fund revenue contained in the table above.

Under proposed legislation taxpayers could deduct, from their state taxable income, up to \$10,000 in expenses related to a living organ donation. Those expenses would have to be directly associated with travel, lodging and lost wages or other compensation. According to the Organ Procurement and Transplantation Network, there were 106 living donors in Louisiana in 2004. The number of donors has increased by approximately 8% per year over the last ten years.

Below is an estimate of maximum exposure to the state under proposed legislation. The example assumes that all donors in Louisiana file a return including the tax deduction and that each donor has minimum expenses of \$10,000. The example also uses the 2003 average effective tax rate of 3.21% for all filers, and an 8% per year growth rate is applied.

The FY 06 maximum exposure to the state would be approximately \$37,000 (115 donors X \$10,000 X 3.21% effective tax rate). The maximum exposure in the following years is illustrated in the table above.

Senate

Dual Referral Rules

13.5.1 >= \$500,000 Annual Fiscal Cost

13.5.2 >= \$500,000 Annual Tax or Fee Change

House

6.8(F) >= \$500,000 Annual Fiscal Cost

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease

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