



H.B. 25

127th General Assembly
(As Introduced)

Reps. Wagner, Wachtmann, Peterson, Combs, Ujvagi, Seitz, Yuko, Wagoner, Schindel, Garrison, Harwood, Uecker, Evans, Koziura, Dodd, Fende, Latta, Brown, DeBose, D. Stewart, Huffman, Bacon, J. Stewart, Okey, Webster, Gibbs, Collier, Aslanides

BILL SUMMARY

- Permits taxpayers to claim an income tax deduction of up to \$10,000 for expenses incurred in making an organ donation while alive.
- Creates a \$500 refundable income tax credit for organ donations made after death.

CONTENT AND OPERATION

Income tax deduction for expenses incurred in making an organ donation

(R.C. 5747.01(A)(24))

The bill permits a taxpayer to deduct for Ohio income tax purposes certain expenses incurred by the taxpayer in making an organ donation. Specifically, a taxpayer is permitted to deduct up to \$10,000 in travel expenses, lodging expenses, and salary and wages foregone by the taxpayer in connection with the taxpayer's donation, while living, of one or more of the taxpayer's human organs to another human being. Under the bill, the "human organs" donation of which qualifies a taxpayer for a deduction include all or any portion of a liver, pancreas, kidney, intestine, or lung, and any portion of bone marrow.

A taxpayer is not permitted to deduct any expenses to the extent they were otherwise allowed as a state or federal income tax deduction or exclusion, or to deduct any expenses for which the taxpayer was compensated by another source. The bill specifies, further, that a taxpayer may deduct organ donation expenses only once for all taxable years. Accordingly, a taxpayer who claims the deduction for any given taxable year would be prohibited from claiming the deduction for a subsequent taxable year.

Income tax credit for deceased organ donors

(R.C. 5747.08, 5747.81, and 5747.98)

The bill creates a \$500 refundable income tax credit that may be claimed by the estates of persons who died during the taxable year and who donated a human organ, human eye, or any other human tissue following their deaths. The bill directs the decedent's executor, administrator, or other person charged with the decedent's property to claim the credit on the return filed for the taxable year in which death occurred.

Treatment of credit for pass-through entity investors

(R.C. 5747.08)

Under continuing law, a pass-through entity investor for whom the pass-through entity elects to file a single return must calculate the income tax before business credits at the highest rate of income tax and is entitled only to the investor's distributive share of the business credits.¹ The bill provides that the credit for deceased organ donors is not a business credit for purposes of these single returns.

Application date

(R.C. 5747.81; Section 3)

The deduction and credit created under the bill may be claimed for taxable years beginning on or after January 1, 2007.

HISTORY

ACTION	DATE
Introduced	02-20-07

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¹ "Pass-through entities" include S corporations, partnerships, and limited liability companies. These entities are given what is known as "pass-through tax treatment," which means that for tax purposes the entity's tax attributes (income, deductions, losses, credits) flow through the entity to its owners who individually report and pay tax on the income. Notwithstanding the general policy of flow-through tax treatment, R.C. 5747.08 permits pass-through entities to file a single return on behalf of certain investors.