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House Bill 4361 (Substitute S-1)
Sponsor: Representative Felicia Brabec
House Committee: Health Policy
Senate Committee: Appropriations

Date Completed: 10-15-24

CONTENT

The bill would create a new nonrefundable income tax credit under the Income Tax Act. The one-time tax credit would equal the lesser of unreimbursed live organ donor expenses or \$10,000. Taxpayers could claim the credit for expenses incurred in the year prior to the live organ donation, the tax year of the donation, or in the tax year after the donation.

"Live organ donation" would mean that an individual who is living donates one or more of the individual's human organs to another human to be transplanted using a medical procedure to the body of another human.

"Live organ donation expenses" would mean the total amount of expenses incurred by a taxpayer that are not reimbursed to that taxpayer by any person, are directly related to a live organ donation by the taxpayer or another individual that the taxpayer is allowed to claim as a dependent under Section 30(2), and includes, but is not limited to, travel expenses, lodging expenses, lost wages, child care expenses, and other expenses as may be defined by rule by the Department of Treasury.

Proposed MCL 206.280

FISCAL IMPACT

The bill would reduce General Fund revenue by an unknown amount that would depend on the number of individuals who had unreimbursed donation expenses, the amount of those expenses, and their tax liability before the credit. Although the credit could not exceed \$10,000, the average Michigan income tax liability before credits is approximately \$2,000 per return, meaning the nonrefundable provisions would limit most taxpayers to a credit of less than 20% of the maximum allowed credit. Although individual income tax revenue is divided between the General Fund and the School Aid Fund, credits reduce only General Fund revenue. The Michigan Department of Treasury estimates the credit would reduce revenue by approximately \$350,000 per year.

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