



NORTH CAROLINA GENERAL ASSEMBLY

Session 2021

Legislative Fiscal Note

Short Title: Living Donor Protection Act.
Bill Number: House Bill 71 (First Edition)
Sponsor(s): Representatives Shepard, Hurley, Morey, and Potts

SUMMARY TABLE

FISCAL IMPACT OF H.B. 71, V.1 (\$ in thousands)					
	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>
State Impact					
General Fund Revenue	(750.0)	(750.0)	(750.0)	(750.0)	(750.0)
Less Expenditures	-	-	-	-	-
General Fund Impact	(750.0)	(750.0)	(750.0)	(750.0)	(750.0)
NET STATE IMPACT	(\$750.0)	(\$750.0)	(\$750.0)	(\$750.0)	(\$750.0)

FISCAL IMPACT SUMMARY

Part II and Part III of the bill have fiscal impacts. Part II provides a tax credit of up to \$5,000 to living organ donors. This analysis estimates that Part II would reduce State revenue by approximately \$750,000 annually. Part III provides additional paid leave to State and State-funded local employees who are organ and bone marrow donors. This analysis finds that the fiscal impact from the additional leave is negligible.

FISCAL ANALYSIS

Part II of the bill provides a tax credit to living organ donors of up to \$5,000, although the credit may not exceed the donor's actual expenses. The tax credit is not refundable, which means the credit may not be larger than the actual tax that the donor owes. However, unused portions of the credit may be carried forward for up to five tax years.

Based on data from the US Department of Health and Human Services, North Carolina has less than 200 living donors annually; estimates range from 120 to 190 living donors per year.

Under the National Organ Transplant Act, it is illegal to buy or sell organs. Thus, any tax incentives must be structured as an expense reimbursement that cannot result in a monetary benefit for donors. Most living donors are related to the recipient or are part of a paired donor exchange; only a handful of people choose to donate to an anonymous recipient. Generally, if the donor is a family member or friend, the recipient's Medicare or private health insurance will pay the donor's medical expenses. In cases of anonymous donations, insurance may not cover the donor's medical

expenses. Other donor expenses, such as lost wages and travel expenses, are not typically covered by insurance. It is these types of uncovered expenses to which the tax credit would apply.

The cost of offering a \$5,000 credit is estimated to be up to \$750,000 per year in the form of lost personal income tax revenue.

Part III of the bill provides additional paid leave to State and State-funded local employees who are living organ or bone marrow donors. The additional leave amounts are as follows:

- Up to 30 additional days for organ donation
- Up to 7 additional days for bone marrow donation

The additional leave is prorated for part-time employees.

As noted previously, NC typically has around 120-190 living organ donations annually. Including both State and State-funded local employees, the State workforce makes up approximately 3% of the NC population that is 18+ years of age. Applying this percentage to the range of organ donations listed above, this would equate to approximately 3.6 to 5.7 organ donations annually. Providing the equivalent of 108 to 171 days of additional paid leave (estimated organ donations x 30 days) across the entire State workforce annually would not have a substantive cost on agency operations.

DATA SOURCES

US Department of Health and Human Services

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

ESTIMATE PREPARED BY



Timothy Dale; Denise Canada

ESTIMATE APPROVED BY

Mark Trogdon, Director of Fiscal Research



Fiscal Research Division
March 1, 2021

