

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 2278

DATE: March 2, 2004

Version: Delete-everything amendment (H2278DE1-1)

Authors: Atkins and others

Subject: Income tax subtraction for organ donation expenses

Analyst: Nina Manzi (651) 296-5204

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

Overview

Allows an income tax subtraction for travel and lodging expenses, and lost wages related to live organ donation for human transplantation of all or part of specified organs. The maximum subtraction is \$7,500.

Section

- 1 Subtractions from federal taxable income.** Allows an income tax subtraction of up to \$7,500 for travel, lodging, and lost wages (net of sick pay) related to human organ donation for transplantation by a living donor. Allows the subtraction for donation of all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow.

Limits the proposed subtraction to expenses not deducted under the federal medical expense deduction, which flows through to Minnesota taxable income. The federal medical expense deduction is only allowed for expenses that exceed 7.5 percent of an individual's adjusted gross income. Clarifies that organ donation expenses are considered to be the first expenses counted in determining the amount allowed under the federal deduction, as a result maximizing the amount of expenses that may be claimed under the proposed state subtraction.
- 2 Alternative minimum tax subtraction.** Provides an alternative minimum tax (AMT) subtraction equal to the organ donor expense subtraction in section 1. This prevents individuals claiming the organ donor expense subtraction from shifting from the regular tax to the AMT.