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House Ways and Means Committee – HB 399 Sponsor Testimony

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Chair Roemer, Vice Chair Lorenz, Ranking Member Troy, and members of the House Ways and Means Committee, thank you for the opportunity to provide sponsor testimony today on House Bill 399. Representative Brown and I believe that this bill could provide meaningful financial relief for living organ donors, and, crucially, incentivize employers to provide paid leave to employees who choose to become a living organ donor.

As you all begin to consider this bill in committee, we wanted to touch on some of the fiscal impact research that has been done by our wonderful LSC. As Representative Brown already outlined, this bill has two primary features, the first of which is the expansion of an existing individual income tax deduction. From 2015 to 2021, the current deduction for organ donation expenses was claimed by an average of 215 people per year. If we focus only on tax year 2021, we saw 246 individuals claim this deduction, with an average deduction of \$3,043, resulting in approximately \$15,000 in foregone revenue to the state. In 2021, if the deduction was increased from about \$3,000 on average to \$10,000, the state would have seen only about \$34,000 in

foregone revenue based on a 1.97% tax rate. This foregone revenue would be relatively inconsequential to the state, but could make a significant impact for living donors.

Unfortunately, the second feature of this bill, the employer tax credit, does not have the benefit of several years of data to inform our projection. Still, based on age demographics of the average donor, Ohio's adult employment rate, and an approximation of employers that are subject to Ohio's income tax, the estimated number of qualifying employees would have been only about 76 in 2021. So for these 76 employees, assuming a maximum employer credit of \$9,000 per employee, the state would see an estimated \$684,000 in foregone revenue. However, some employers may not even owe enough in state income tax to take full advantage of the credit. Additionally, that estimate is based on the maximum possible credit per employee. If the employee's compensation is less than \$300 per day, or the employee is out of work for less than 30 days, that number could be substantially lower. In my conversations with members of the National Kidney Foundation, I have learned that while it can take several weeks for donors with physically intensive jobs to return to work, those with office jobs can often return to work in under a month.

These are costs that Ohio can certainly afford, considering the benefit is removing potential barriers to living organ donation. You heard Representative Brown say that nearly 2,000 Ohioans are waiting on life saving kidney transplants, and we believe that HB 399 can help bring that number down. Thank you for the opportunity to speak to the committee today, and I ask for your support in passing this bill.