

PUBLIC HEARING
ON
BILL 20-40 “ORGAN DONORS SAVES LIVES ACT OF
2013”

Before the

Committee on Finance and Revenue
Council of the District of Columbia

The Honorable Jack Evans, Chairman

January 13, 2014, 10:15 A.M.
John A. Wilson Building, Room 500



Testimony of William Bowie
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Good morning, Chairman Evans, and members of the Committee on Finance and Revenue. I am William Bowie, Senior Counsel in the Office of General Counsel for the Office of Tax and Revenue (“OTR”) of the District of Columbia (“District”). I am pleased to present testimony today on Bill 20-40, the “Organ Donors Saves Lives Act of 2013.”

Under Bill 20-40, a new DC Code section would be created, DC Code § 47-1806.12, titled “Tax credit for Live Organ Donation Expenses.” Under this new section, the following would take place:

1. After January 1, 2013, a taxpayer could claim a nonrefundable credit against taxes for live organ donation expenses incurred for the tax year in which the organ donation occurred, the credit in an amount up to \$25,000;
2. If the amount of the credit allowable under this section exceeds a taxpayer’s tax liability for a tax year, the amount of the tax credit that exceeds the taxpayer’s income tax liability could be carried forward for a period not exceeding the taxpayer’s next seven tax years ; and
3. The claim for the tax credit allowed would be substantiated by a submission, with the tax return, of hospital records verifying that the organ donation occurred during the tax year for which the credit is claimed.

OTR at this time is unable to take a position on this legislation, as we have several questions as to how we would implement it. To begin with, the applicability date should be tied to a tax year and not the date for which a claim is made. We would like to avoid the requirement that the claimant submit separate written substantiation from the hospital, attached to the tax form, that the organ donation

took place during the tax year.. The better practice is to verify this documentation only upon audit. Finally, the definition of “life insurance and medical costs” incurred by the taxpayer as a subset in defining “live organ donor expenses,” as it relates claiming the credit, needs further clarification. For instance, is there a time limit for how long these costs can be claimed on tax return filings? What specific life insurance and medical insurance costs are covered to claim the credit? And does this law apply to existing life insurance and medical policies or new policies as well?

Therefore, until we have clearer guidelines as to how the legislation would operate, we are unable to provide our opinion as to whether the legislation can be administered by our office.

Thank you, Chairman Evans, for the opportunity to comment on this bill. I would be happy to answer any questions you or other Councilmembers might have at this time.