



**House Ways and Means Education Reported Substitute
for HB361**

A BILL

TO BE ENTITLED

AN ACT

Relating to organ donation; to prohibit insurers from discriminating against organ donors in obtaining life, disability, and long-term care insurance coverage; to require the state and local governments to grant leave to employees who donate an organ or bone marrow; and to establish a tax credit for private employers who allow employees paid leave to donate organs.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. (a) This section may be cited as the Alabama Living Donor Protection Act.

(b) For the purposes of this section, the following terms have the following meanings:

(1) INSURER. Any entity that issues, delivers, or renews a policy.

(2) LIVING ORGAN DONOR. An individual who donates all or part of an organ and is not deceased.

(3) POLICY. Any of the following contracts:

a. Disability insurance as defined in Section 27-5-4, Code of Alabama 1975.

b. Life insurance as defined in Section 27-5-2, Code of



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29 Alabama 1975.

30 c. Long-term care insurance as defined in Section
31 27-19-103, Code of Alabama 1975.

32 (c) An insurer may not:

33 (1) Decline or limit coverage of an individual under
34 any policy due to the status of the individual as a living
35 organ donor;

36 (2) Require an individual to refrain from acting as a
37 living organ donor as a condition for renewal of a policy; or

38 (3) Otherwise discriminate in the offering, issuance,
39 cancellation, amount of coverage, price, or any other
40 condition of a policy based solely, and without any additional
41 actuarial risk, upon the status of an individual as a living
42 organ donor.

43 Section 2. (a) For purposes of this section, the term
44 "employee" means an individual who is employed by any
45 department, agency, or instrumentality of the State of Alabama
46 who is subject to Chapter 26 of Title 36 of the Code of
47 Alabama 1975, and who is a permanent employee with at least
48 one year of state service.

49
50 (1) EMPLOYEE. An individual who is permanently employed
51 full-time or part-time by a public employer and who is paid in
52 whole or in part from state, county, or municipal funds. The
53 term excludes an independent contractor.

54 (2) PUBLIC EMPLOYER. Any department, agency, or
55 instrumentality of the state or a political subdivision of the
56 state.



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(b) A public employer shall grant a leave of absence with pay to an employee who undergoes a medical procedure to donate all or part of an organ to another individual, subject to all of the following conditions:

(1) The leave of absence may be limited to a total of 80 work hours.

(2) The public employer may require documentation from a physician which verifies the purpose and length of the leave of absence.

(3) If there is a medical determination after approval of the leave of absence that the employee does not qualify as an organ donor, the paid leave of absence up to the medical determination is not forfeited.

(c) A public employer may not threaten, restrain, coerce, discipline, discharge, terminate, or otherwise retaliate or discriminate against an employee for requesting or using a leave of absence as provided by this section.

(d) The leave of absence provided by this section shall be a separate classification of leave which shall not affect an employee's rights with respect to any other classification of accumulated or available leave pursuant to the policies of the public employer, or any other existing employment benefit.

Section 3. (a) In recognition that it is the policy of the State of Alabama to encourage organ donation to individuals in dire medical need, as set forth in Section 22-19-71.1, Code of Alabama 1975, the tax credit provided in this section is intended by the Legislature to foster employment conditions that encourage organ donation.



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(b) For purposes of this section, the following terms have the following meanings:

(1) MINIMUM LEAVE PERIOD. Eighty hours in the case of an employee paid hourly wages or 15 days in the case of an employee paid on a non-hourly basis.

(2) TAXPAYER. A private sector employer.

(c) Effective for tax years beginning January 1, 2027, and ending December 31, 2031, a taxpayer shall be entitled to a state income tax credit for providing paid leave to employees for the purpose of making an organ donation subject to all of the following requirements:

(1) The taxpayer must adopt a formal, written policy that allows an employee to take a paid leave of absence of no less than the minimum leave period to undergo a medical procedure to donate all or part of an organ to another individual.

(2) The leave policy must be available without any reduction in pay, or loss of vacation time, compensatory time, personal days, or sick leave for no less than the minimum leave period.

(3) The leave policy may apply only to an employee for whom the taxpayer is responsible for providing an IRS Form W-2 Wage and Tax Statement.

(4) The leave policy shall require the employee to provide signed authorization to disclose to the taxpayer and the Department of Revenue documentation from the employee's medical provider which verifies the organ donation, in compliance with the Health Insurance Portability and



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Accountability Act of 1996 (HIPAA), 42 U.S.C. § 1320d et seq.

(5) The tax credit amount shall be equal to 25 percent of the amount of gross compensation paid to the worker for the period of leave taken, up to 120 hours or 30 days, credited to the taxpayer's state income tax liability.

(6) The total amount that may be credited to the taxpayer's state income tax liability for a tax year is two thousand dollars (\$2,000).

(7) If there is a medical determination after the taxpayer's approval of the leave of absence that the employee does not qualify as an organ donor, the amount of the tax credit shall be limited to the amount of gross compensation paid to the worker from the beginning of the leave period through the day of the medical determination.

(8) If the amount of the credit exceeds the tax liability for the year, the excess may be carried forward and applied to the tax liability for up to the three succeeding tax years.

(9) A taxpayer may not sell or transfer any tax credit that the taxpayer is eligible to claim under this section.

(d) The Department of Revenue shall adopt rules, forms, and worksheets for the implementation of this section.

Section 4. (a) For purposes of this section, the term "public employee" means an individual who is permanently employed by a department, agency, or other instrumentality of, or entity affiliated with, the State of Alabama in which the individual's compensation is derived in whole or in part from funds appropriated in States General Fund or Education Trust



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Fund and who is not otherwise covered under Sections 2 or 3 of this act.

(b) A public employee who has at least one year of service may be granted living donor leave with pay for donating an organ or bone marrow, upon fulfillment of the following conditions:

(1) Submission to the employee's immediate supervisor for a written request for leave, accompanied by written verification from the physician who will be performing the medical procedure.

(2) A recommendation for the leave based on the submission in subdivision (1) by the supervisor.

(3) Approval of the executive who directs the employing instrumentality or entity.

1. The leave granted may be for no more than 30 days in the case of an organ donation and seven days in the case of a bone marrow donation.

2. Living donor leave shall be a separate classification of leave which shall not apply to or exhaust any employee's accrued or available leave under any other

Leave classification pursuant to rule or policy of the employer.

(e) An employer may not threaten, restrain, coerce, discipline, discharge, terminate, or otherwise retaliate or discriminate against an employee for requesting or using a leave of absence as provided by this section.

Section 5. (a) In recognition that it is the policy of the State of Alabama to encourage organ donation to



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169 individuals in dire medical need

170 as set forth in Section 22-19-71.1, Code of Alabama
171 1975, the tax credit provided in this section by the
172 Legislature to foster employment condition that encourage
173 organ donation.

174 (b) For purposes of this section, the following terms
175 have the following meanings:

176 1. MINIMUM LEAVE PERIOD. Fifteen days.

177 2. TAXPAYER. A private sector employee.

178 (c) Effective for tax years beginning January 1, 2027,
179 and ending December 31, 2031, a tax payer shall be entitled to
180 a state income tax credit for providing paid leave to
181 employees for the purpose of making an organ donation subject

182 Section 6. This act shall become effective October 1,
183 2026.