



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

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5 A BILL

6 TO BE ENTITLED

7 AN ACT

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

16 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

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

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

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

25 (3) POLICY. Any of the following contracts:

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

28 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.

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

61                   (1) The leave of absence may be limited to a total of  
62 80 work hours.

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

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

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

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

79                   Section 3. (a) In recognition that it is the policy of  
80 the State of Alabama to encourage organ donation to  
81 individuals in dire medical need, as set forth in Section  
82 22-19-71.1, Code of Alabama 1975, the tax credit provided in  
83 this section is intended by the Legislature to foster  
84 employment conditions that encourage organ donation.



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

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

90 (2) TAXPAYER. A private sector employer.

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

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

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

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

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



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

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

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

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

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

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

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

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



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

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

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

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

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

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

158 2. Living donor leave shall be a separate  
159 classification of leave which shall not apply to or exhaust  
160 any employee's accrued or available leave under any other  
161 Leave classification pursuant to rule or policy of the  
162 employer.

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

167 Section 5. (a) In recognition that it is the policy of  
168 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.