

2023 Regular Session

HOUSE BILL NO. 443

BY REPRESENTATIVE EDMONDS AND SENATOR HEWITT

TAX CREDITS: Establishes a refundable individual income tax credit for certain adoptions

1 AN ACT

2 To enact R.S. 47:297.23, relative to individual income tax; to provide for an individual
3 income tax credit for the adoption of certain children; to provide for the amount of
4 the credit; to provide for limitations and requirements; to authorize the promulgation
5 of rules; to provide for applicability; to provide for an effective date; and to provide
6 for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:297.23 is hereby enacted to read as follows:

9 §297.23. Tax credit; adoption

10 A.(1) There shall be allowed a refundable credit against the tax imposed by
11 this Chapter for a taxpayer who adopts a child who is unrelated to the taxpayer and
12 who is no more than two years of age. The amount of the credit shall be equal to five
13 thousand dollars and shall be claimed in the year in which adoption of the child
14 becomes final. For purposes of this Section, the age of the child shall be determined
15 at the time of the adoption placement.

16 (2) The tax credit authorized pursuant to the provisions of this Section shall
17 not apply to the adoption of a child from foster care as defined in Children's Code
18 Article 603.

1 (3) A taxpayer who claims the credit authorized pursuant to the provisions
2 of this Section shall be prohibited from also claiming the deduction authorized
3 pursuant to the provisions of R.S. 47:297.21 for the adoption of the same child.

4 B.(1) If the amount of the credit authorized pursuant to the provisions of this
5 Section exceeds the amount of the taxpayer's tax liability for the taxable year, the
6 excess tax credit amount shall constitute an overpayment as defined in R.S.
7 47:1621(A), and the secretary shall make a refund of the overpayment from the
8 current collections of the taxes imposed pursuant to this Chapter. The right to a
9 refund shall not be subject to the requirements of R.S. 47:1621(B).

10 (2) The taxpayer shall maintain all records necessary to verify the adoption
11 and, if requested, shall provide the records to the Department of Revenue when filing
12 the taxpayer's tax return.

13 C. The secretary of the Department of Revenue may promulgate rules in
14 accordance with the Administrative Procedure Act to implement the provisions of
15 this Section, including rules related to the submission of documentation when
16 claiming the credit.

17 Section 2. The provisions of this Act shall be applicable to adoptions finalized on
18 or after January 1, 2023.

19 Section 3. This Act shall become effective upon signature by the governor or, if not
20 signed by the governor, upon expiration of the time for bills to become law without signature
21 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
22 vetoed by the governor and subsequently approved by the legislature, this Act shall become
23 effective on the day following such approval.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 443 Engrossed

2023 Regular Session

Edmonds

Abstract: Authorizes a refundable income tax credit of \$5,000 for a taxpayer who adopts a child who is unrelated to the taxpayer and who is no more than two years of age.

Proposed law establishes a refundable income tax credit for a taxpayer who adopts a child who is unrelated to the taxpayer and who is no more than two years of age. For purposes of proposed law, the age of the child shall be determined at the time of the adoption placement.

Proposed law provides that the amount of the tax credit shall equal \$5,000 and shall be applicable in the year the adoption of the child becomes final.

Proposed law provides that if the amount of the credit exceeds the taxpayer's tax liability for the taxable year, the excess credit amount shall constitute an overpayment and the secretary shall refund the overpayment from the tax collections imposed in present law.

Proposed law prohibits the tax credit from applying to the adoption of a child from foster care as defined in present law (Ch. C Art. 603). Further prohibits a taxpayer from claiming the credit authorized pursuant to proposed law from also claiming the deduction authorized in present law (R.S. 47:297.21) for the adoption of the same child.

Proposed law requires a taxpayer claiming the credit to maintain all records necessary to verify the adoption and if requested, to provide the records to the Dept. of Revenue when filing the taxpayer's tax return.

Proposed law authorizes the promulgation of rules in accordance with present law (Administrative Procedure Act) to implement the provisions of proposed law, including rules related to the submission of documentation when claiming the credit.

Proposed law is applicable to adoptions finalized on or after Jan. 1, 2023.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Adds R.S. 47:297.23)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Change the age of the adoption of a child to whom the credit is applicable from less than 18 years of age to no more than two years of age.
2. Make the adoption of a child from foster care ineligible for the credit established in proposed law.
3. Remove from proposed law the repeal of the income tax deduction for a taxpayer who adopts a child who is in foster care or a youth receiving extended foster care services.
4. Remove from proposed law the repeal of the income tax deduction for a taxpayer who adopts an infant who is unrelated to the taxpayer and who is less than one year of age through a private agency or who adopts an infant who is unrelated to the taxpayer and who is less than one year of age through an attorney.
5. Remove limitation that claiming the credit established in proposed law shall be in lieu of the dependency deduction authorized in present law (R.S. 47:294).
6. Add prohibition for a taxpayer to claim the credit established pursuant to proposed law and the deduction provided for in present law for the adoption of the same child.