

2021 Regular Session

HOUSE BILL NO. 424

BY REPRESENTATIVE MCFARLAND

TAX/INCOME TAX: Establishes an individual income tax deduction for taxpayers who adopt a child from foster care

1 AN ACT

2 To enact R.S. 47:293(9)(a)(xx) and 297.16, relative to individual income tax; to provide for  
3 an individual income tax deduction for the adoption of a child or youth from foster  
4 care; to provide for the amount of the deduction; to provide for limitations and  
5 requirements; to authorize the promulgation of rules; to provide for applicability; to  
6 provide for an effective date; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 47:293(9)(a)(xx) and 297.16 are hereby enacted to read as follows:

9 §293. Definitions

10 The following definitions shall apply throughout this Part, unless the context  
11 requires otherwise:

12 \* \* \*

13 (9)(a) "Tax table income", for resident individuals, means adjusted gross  
14 income plus interest on obligations of a state or political subdivision thereof, other  
15 than Louisiana and its municipalities, title to which obligations vested with the  
16 resident individual on or subsequent to January 1, 1980, and less:

17 \* \* \*

18 (xx) The deduction for adopting a child or youth from foster care as provided  
19 in R.S. 47:297.16.

20 \* \* \*

1        §297.16. Tax deduction; adoption from foster care

2            A.(1) There shall be allowed a deduction from tax table income for a  
3        taxpayer who adopts a child who is in foster care, as defined in Children's Code  
4        Article 603, or a youth receiving extended foster care services pursuant to the  
5        Extended Foster Care Program Act. The amount of the deduction authorized by this  
6        Section shall be equal to five thousand dollars and shall be applicable in the year the  
7        adoption becomes final. The amount of the deduction authorized by this Section  
8        shall not exceed the total taxable income of the taxpayer claiming the deduction.

9            (2) The deduction authorized pursuant to the provisions of this Section shall  
10       be in lieu of the dependency deduction authorized in R.S. 47:294.

11           B. The taxpayer claiming the deduction authorized pursuant to the provisions  
12       of this Section shall maintain all records necessary to verify the adoption and if  
13       requested, shall provide the records to the Department of Revenue when filing the  
14       taxpayer's tax return.

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

19        Section 2. The provisions of this Act shall be applicable to adoptions finalized on  
20        or after January 1, 2022.

21        Section 3. This Act shall become effective on January 1, 2022.

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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)]

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HB 424 Original

2021 Regular Session

McFarland

**Abstract:** Establishes an income tax deduction equal to \$5,000 for a taxpayer who adopts a child who is in foster care or a youth receiving extended foster care services.

Proposed law provides for the establishment of an income tax deduction for a taxpayer who adopts a child who is in foster care, as defined in present law (Children's Code Art. 603), or a youth receiving extended foster care services pursuant to present law (R.S. 46:288.1 et seq.—Extended Foster Care Program Act). The amount of the deduction shall equal \$5,000

and shall be applicable in the year the adoption of the child becomes final. Prohibits the amount of the deduction from exceeding the total taxable income of the taxpayer claiming the deduction.

Proposed law provides that the deduction established in proposed law shall be in lieu of the dependency deduction authorized in present law (R.S. 47:294).

Proposed law requires the taxpayer claiming the deduction 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 deduction.

Present law defines "tax table income" for resident individuals as adjusted gross income plus interest on certain state or political subdivision obligations less items such as gratuitous grants, loans, or other disaster benefits included in federal adjusted gross income, federal income tax liability, amounts deposited into medical or educational savings accounts, and excess personal exemptions and deductions.

Proposed law retains present law but adds to the list of income not included in "tax table income" the deduction for adopting a foster child.

Proposed law is applicable to adoptions finalized on or after Jan. 1, 2022.

Effective Jan. 1, 2022.

(Adds R.S. 47:293(9)(a)(xx) and 297.16)