
DIGEST

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HB 424 Engrossed

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)