

104<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1819

To amend the Internal Revenue Code of 1986 to allow individuals a refundable credit for adoptions expenses with a larger credit for the adoption of a foster child.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 13, 1995

Mr. BARRETT of Wisconsin introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to allow individuals a refundable credit for adoptions expenses with a larger credit for the adoption of a foster child.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. REFUNDABLE CREDIT FOR ADOPTION EX-**  
4 **PENSES.**

5 (a) IN GENERAL.—Subpart C of part IV of sub-  
6 chapter A of chapter 1 of the Internal Revenue Code of  
7 1986 (relating to refundable credits) is amended by redес-  
8 ignating section 35 as section 36 and by inserting after  
9 section 34 the following new section:

1 **“SEC. 35. ADOPTION EXPENSES.**

2 “(a) ALLOWANCE OF CREDIT.—In the case of an in-  
3 dividual, there shall be allowed as a credit against the tax  
4 imposed by this subtitle for the taxable year the amount  
5 of the qualified adoption expenses paid or incurred by the  
6 taxpayer during such taxable year.

7 “(b) LIMITATIONS.—

8 “(1) DOLLAR LIMITATION.—The aggregate  
9 amount of qualified adoption expenses which may be  
10 taken into account under subsection (a) with respect  
11 to the adoption of a child shall not exceed \$5,000  
12 (\$6,250 with respect to the adoption of a foster  
13 child).

14 “(2) INCOME LIMITATION.—The amount allow-  
15 able as a credit under subsection (a) for any taxable  
16 year shall be reduced (but not below zero) by an  
17 amount which bears the same ratio to the amount  
18 so allowable (determined without regard to this  
19 paragraph but with regard to paragraph (1)) as—

20 “(A) the amount (if any) by which the tax-  
21 payer’s adjusted gross income exceeds \$60,000,  
22 bears to

23 “(B) \$40,000.

24 “(3) DENIAL OF DOUBLE BENEFIT.—

25 “(A) IN GENERAL.—No credit shall be al-  
26 lowed under subsection (a) for any expense for

1           which a deduction or credit is allowable under  
2           any other provision of this chapter.

3           “(B) GRANTS.—No credit shall be allowed  
4           under subsection (a) for any expense to the ex-  
5           tent that funds for such expense are received  
6           under any Federal, State, or local program.

7           “(c) QUALIFIED ADOPTION EXPENSES.—For pur-  
8           poses of this section, the term ‘qualified adoption ex-  
9           penses’ means reasonable and necessary adoption fees,  
10          court costs, attorney fees, and other expenses which are  
11          directly related to the legal adoption of a child by the tax-  
12          payer and which are not incurred in violation of State or  
13          Federal law or in carrying out any surrogate parenting  
14          arrangement. The term ‘qualified adoption expenses’ shall  
15          not include any expenses in connection with the adoption  
16          by an individual of a child who is the child of such individ-  
17          ual’s spouse.

18          “(d) MARRIED COUPLES MUST FILE JOINT RE-  
19          TURNS.—Rules similar to the rules of paragraphs (2), (3),  
20          and (4) of section 21(e) shall apply for purposes of this  
21          section.”

22          (b) CONFORMING AMENDMENTS.—

23                  (1) Paragraph (2) of section 1324(b) of title  
24          31, United States Code, is amended by inserting be-  
25          fore the period “, or from section 35 of such Code”.

1           (2) The table of sections for subpart C of part  
2           IV of subchapter A of chapter 1 of such Code is  
3           amended by striking the last item and inserting the  
4           following:

          “Sec. 35. Adoption expenses.

          “Sec. 36. Overpayments of tax.”.

5           (c) EFFECTIVE DATE.—The amendments made by  
6           this section shall apply to taxable years beginning after  
7           December 31, 1995.

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