

S 148 IS
107th CONGRESS
1st Session
S. 148

To amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes.

IN THE SENATE OF THE UNITED STATES

January 23, 2001

Mr. CRAIG (for himself, Ms. LANDRIEU, Mr. JOHNSON, and Mr. STEVENS) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to expand the adoption credit, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the 'Hope for Children Act'.

SEC. 2. EXPANSION OF ADOPTION CREDIT AND ADOPTION ASSISTANCE PROGRAMS.

(a) IN GENERAL-

(1) ADOPTION CREDIT- Section 23(a)(1) of the Internal Revenue Code of 1986 (relating to allowance of credit) is amended to read as follows:

`(1) IN GENERAL- In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter--

`(A) in the case of an adoption of a child other than a child with special needs, the amount of the qualified adoption expenses paid or incurred by the taxpayer, and

`(B) in the case of an adoption of a child with special needs, \$10,000.'.

(2) ADOPTION ASSISTANCE PROGRAMS- Section 137(a) of such Code (relating to adoption assistance programs) is amended to read as follows:

`(a) IN GENERAL- Gross income of an employee does not include amounts paid or expenses incurred by the employer for adoption expenses in connection with the adoption of a child by an employee if such amounts are furnished pursuant to an adoption assistance program. The amount of the exclusion shall be--

`(1) in the case of an adoption of a child other than a child with special needs, the amount of the qualified adoption expenses paid or incurred by the taxpayer, and

`(2) in the case of an adoption of a child with special needs, \$10,000.'.

(b) DOLLAR LIMITATIONS-

(1) DOLLAR AMOUNT OF ALLOWED EXPENSES-

(A) ADOPTION EXPENSES- Section 23(b)(1) of the Internal Revenue Code of 1986 (relating to allowance of credit) is amended--

(i) by striking '\$5,000' and inserting '\$10,000',

(ii) by striking '(\$6,000, in the case of a child with special needs)', and

(iii) by striking 'subsection (a)' and inserting 'subsection (a)(1)(A)'.

(B) ADOPTION ASSISTANCE PROGRAMS- Section 137(b)(1) of such Code (relating to dollar limitations for adoption assistance programs) is amended--

(i) by striking '\$5,000' and inserting '\$10,000', and

(ii) by striking '(\$6,000, in the case of a child with special needs)', and

(iii) by striking 'subsection (a)' and inserting 'subsection (a)(1)'.

(2) PHASE-OUT LIMITATION-

(A) ADOPTION EXPENSES- Clause (i) of section 23(b)(2)(A) of such Code (relating to income limitation) is amended by striking '\$75,000' and inserting '\$150,000'.

(B) ADOPTION ASSISTANCE PROGRAMS- Section 137(b)(2)(A) of such Code (relating to income limitation) is amended by striking '\$75,000' and inserting '\$150,000'.

(c) YEAR CREDIT ALLOWED- Section 23(a)(2) of the Internal Revenue Code of 1986 (relating to year credit allowed) is amended by adding at the end the following new flush sentence:

'In the case of the adoption of a child with special needs, the credit allowed under paragraph (1) shall be allowed for the taxable year in which the adoption becomes final.'

(d) REPEAL OF SUNSET PROVISIONS-

(1) CHILDREN WITHOUT SPECIAL NEEDS- Paragraph (2) of section 23(d) of the Internal Revenue Code of 1986 (relating to definition of eligible child) is amended to read as follows:

'(2) ELIGIBLE CHILD- The term 'eligible child' means any individual who--

'(A) has not attained age 18, or

'(B) is physically or mentally incapable of caring for himself.'

(2) ADOPTION ASSISTANCE PROGRAMS- Section 137 of such Code (relating to adoption assistance programs) is amended by striking subsection (f).

(e) ADJUSTMENT OF DOLLAR AND INCOME LIMITATIONS FOR INFLATION-

(1) ADOPTION CREDIT- Section 23 of the Internal Revenue Code of 1986 (relating to adoption expenses) is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

'(h) ADJUSTMENTS FOR INFLATION- In the case of a taxable year beginning after December 31, 2002, each of the dollar amounts in subsection (a)(1)(B) and paragraphs (1) and (2)(A)(i) of subsection (b) shall be increased by an amount equal to--

'(1) such dollar amount, multiplied by

'(2) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2001' for 'calendar year 1992' in subparagraph (B) thereof.'

(2) ADOPTION ASSISTANCE PROGRAMS- Section 137 of such Code (relating to adoption assistance programs), as amended by subsection (d), is amended by adding at the end the following new subsection:

'(f) ADJUSTMENTS FOR INFLATION- In the case of a taxable year beginning after December 31, 2002, each of the dollar amounts in subsection (a)(2) and paragraphs (1) and (2)(A) of subsection (b) shall be increased by an amount equal to--

'(1) such dollar amount, multiplied by

'(2) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2001' for 'calendar year 1992' in subparagraph (B) thereof.'

(f) LIMITATION BASED ON AMOUNT OF TAX-

(1) IN GENERAL- Section 23(c) of the Internal Revenue Code of 1986 (relating to carryforwards of unused credit) is amended by striking 'the limitation imposed' and all that follows through '1400C)' and inserting 'the applicable tax limitation'.

(2) APPLICABLE TAX LIMITATION- Section 23(d) of such Code (relating to definitions) is amended by adding at the end the following new paragraph:

'(4) APPLICABLE TAX LIMITATION- The term 'applicable tax limitation' means the sum of--

`(A) the taxpayer's regular tax liability for the taxable year, reduced (but not below zero) by the sum of the credits allowed by sections 21, 22, 24 (other than the amount of the increase under subsection (d) thereof), 25, and 25A, and
`(B) the tax imposed by section 55 for such taxable year.'

(3) CONFORMING AMENDMENTS-

(A) Section 26(a) of such Code (relating to limitation based on amount of tax) is amended by inserting `(other than section 23)' after `allowed by this subpart'.

(B) Section 53(b)(1) of such Code (relating to minimum tax credit) is amended by inserting `reduced by the aggregate amount taken into account under section 23(d)(3)(B) for all such prior taxable years,' after `1986,'.

(g) EFFECTIVE DATE- The amendments made by this section shall apply to taxable years beginning after December 31, 2001.