

SECOND REGULAR SESSION

HOUSE BILL NO. 1376

93RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES MYERS (Sponsor) AND WILDBERGER (Co-sponsor).

Read 1st time January 12, 2006 and copies ordered printed.

STEPHEN S. DAVIS, Chief Clerk

3403L.01I

AN ACT

To repeal section 135.327, RSMo, and to enact in lieu thereof one new section relating to tax credits for adopting special needs children.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Section 135.327, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 135.327, to read as follows:

135.327. 1. Any person residing in this state who legally adopts a special needs child on or after January 1, 1988, and before January 1, 2000, shall be eligible to receive a tax credit of up to ten thousand dollars for nonrecurring adoption expenses for each child adopted that may be applied to taxes due under chapter 143, RSMo. Any business entity providing funds to an employee to enable that employee to legally adopt a special needs child shall be eligible to receive a tax credit of up to ten thousand dollars for nonrecurring adoption expenses for each child adopted that may be applied to taxes due under such business entity's state tax liability, except that only one ten thousand dollar credit is available for each special needs child that is adopted.

2. Any person residing in this state who proceeds in good faith with the adoption of a special needs child on or after January 1, 2000, **and before January 1, 2007**, shall be eligible to receive a tax credit of up to ten thousand dollars for nonrecurring adoption expenses for each child that may be applied to taxes due under chapter 143, RSMo; provided, however, that beginning on or after July 1, 2004, a minimum of fifty percent of the tax credits allowed shall be allocated for the adoption of special needs children who are residents or wards of residents

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

16 of this state at the time the adoption is initiated. Any business entity providing funds to an
17 employee to enable that employee to proceed in good faith with the adoption of a special needs
18 child shall be eligible to receive a tax credit of up to ten thousand dollars for nonrecurring
19 adoption expenses for each child that may be applied to taxes due under such business entity's
20 state tax liability, except that only one ten thousand dollar credit is available for each special
21 needs child that is adopted.

22 **3. Any person residing in this state who legally adopts a special needs child on or**
23 **after January 1, 2007, shall be eligible to receive a tax credit of up to ten thousand dollars**
24 **for nonrecurring adoption expenses for each child adopted that may be applied to taxes**
25 **due under chapter 143, RSMo; provided, however, that beginning on or after July 1, 2006,**
26 **a minimum of fifty percent of the tax credits allowed shall be allocated for the adoption of**
27 **special needs children who are residents or wards of residents of this state at the time the**
28 **adoption is initiated. No tax credits under this section shall be allocated for adoption of**
29 **special needs children from outside the United States. Any business entity providing funds**
30 **to an employee to enable that employee to proceed in good faith with the adoption of a**
31 **special needs child shall be eligible to receive a tax credit of up to ten thousand dollars for**
32 **nonrecurring adoption expenses for each child that may be applied to taxes due under such**
33 **business entity's state tax liability, except that only one ten thousand dollar credit is**
34 **available for each special needs child that is adopted.**

35 **4.** Individuals and business entities may claim a tax credit for their total nonrecurring
36 adoption expenses in each year that the expenses are incurred. A claim for fifty percent of the
37 credit shall be allowed when the child is placed in the home. A claim for the remaining fifty
38 percent shall be allowed when the adoption is final. The total of these tax credits shall not
39 exceed the maximum limit of ten thousand dollars per child. The cumulative amount of tax
40 credits which may be claimed by taxpayers claiming the credit for nonrecurring adoption
41 expenses in any one fiscal year prior to July 1, 2004, shall not exceed two million dollars and
42 shall not exceed four million dollars in any one fiscal year beginning on or after July 1, 2004;
43 provided, however, that in the first ninety days following each July first, if less than two million
44 dollars in credits have been issued for adoption of special needs children **in the United States**
45 who are not residents or wards of residents of this state at the time the adoption is initiated, the
46 remaining amount of the four million dollar cap shall be available for the adoption of special
47 needs children who are residents or wards of residents of this state at the time the adoption is
48 initiated.

49 **[4.] 5.** Notwithstanding any provision of law to the contrary, any individual or business
50 entity may assign, transfer or sell tax credits allowed in this section. Any sale of tax credits

51 claimed pursuant to this section shall be at a discount rate of seventy-five percent or greater of
52 the amount sold.

53 [5.] 6. The director of revenue shall establish a procedure by which, for each fiscal year,
54 the cumulative amount of tax credits authorized in this section is equally apportioned among all
55 taxpayers within the two categories specified in [subsection 2] **subsections 2 and 3** of this
56 section claiming the credit in that fiscal year. To the maximum extent possible, the director of
57 revenue shall establish the procedure described in this subsection in such a manner as to ensure
58 that taxpayers within each category can claim all the tax credits possible up to the cumulative
59 amount of tax credits available for the fiscal year.

60 [6.] 7. The director of revenue shall submit to the general assembly, by January 1, 2005,
61 and each succeeding year, information by income levels of those individual taxpayers who have
62 qualified and claimed the credit authorized in this section, regardless of whether those taxpayers
63 have assigned, transferred, or sold such credits. The information shall indicate the number of
64 such taxpayers with federal adjusted gross income in the immediately preceding tax year of less
65 than one hundred fifty thousand dollars, of one hundred fifty thousand dollars to and including
66 one hundred ninety thousand dollars, and of more than one hundred ninety thousand dollars.

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