COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0318S.04C
Bill No.: SCS for HCS for HB 429
Subject: Adoption; Children and Minors; Children's Division; Family Law; Social Services, Department of; Taxation And Revenue - Income
Type: Original
Date: March 26, 2021

Bill Summary: This proposal would modify provisions relating to child placement.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
General Revenue Fund	$0	($1,264,183) to ($3,551,493)	($1,264,183) to ($3,551,493)
Total Estimated Net Effect on General Revenue	**$0**	**($1,264,183) to ($3,551,493)**	**($1,264,183) to ($3,551,493)**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on Other State Funds	**$0**	**$0**	**$0**

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	**0**	**0**	**0**

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed $250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☐ Estimated Net Effect (savings or increased revenues) expected to exceed $250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	**$0**	**$0**	**$0**

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration – Budget & Planning Division (B&P)** state this proposed legislation may reduce Total State Revenue (TSR) by $3,216,478 to $3,536,248 once SB 509 (2014) has fully implemented.

B&P states this proposed legislation will impact the calculation under Article X, Section 18(e).

Section(s) 135.325, 135.326, 135.327, & 135.335 – Adoption Tax Credit

Officials from **B&P** state these sections would rename the Special Needs Adoption Tax Credit to the Adoption Tax Credit. In addition, these sections would allow any person residing in the state who proceeds with the adoption of a child on or after January 1, 2022, regardless of whether such child is a special needs child, to receive a tax credit of up to $10,000 for nonrecurring adoption. This credit is capped at $2 million but may be increased by appropriation.

These changes could increase participation in the program and could reduce General Revenue (GR) and TSR by an amount up to $2 million annually.

Officials from the **Missouri Department of Revenue (DOR)** state, currently, a tax credit is available for taxpayers who adopt a special needs child in an amount up to $10,000 for nonrecurring adoption expenses. A business entity that provides funds to an employee to enable the employee to adopt a special needs child can also receive a tax credit up to $10,000 for nonrecurring expenses paid.

These sections, starting January 1, 2022, would remove the restriction that this tax credit be only for the adoption of special needs children and will allow for the adoption of any child.

The current cap is set at $2 million annually but can be adjusted based on appropriation by the General Assembly.

These sections would allow the adoption credit for any child, not just special needs children. However, these sections do not impact the current cap on the program. DOR provides the following information on what has been redeemed each of the last few fiscal years.

Year	Total Redeemed
FY 2020	$29,404.00
FY 2019	$19,185.00
FY 2018	$88,706.00
FY 2017	$127,211.00
FY 2016	$231,367.00
FY 2015	$380,715.00
FY 2014	$718,495.00
FY 2013	$744,155.00
FY 2012	$1,036,226.00
TOTALS	$3,375,464.00

While expanding the number of adopted children that qualify for this program may increase participation in this program; the annual cap of $2 million is not changed. Therefore, DOR does not anticipate a fiscal impact from this program.

DOR notes these sections add language that requires the taxpayers who adopted a resident special needs child be given priority in receiving the tax credit. It is noted that this is an apportioned tax credit, in which the credit upon reaching the cap is apportioned amongst all filers in the same proportion. Giving priority to certain taxpayers over others and apportioning the credit equally among the filers appears contradictory and DOR is not sure, at this time, how this could be implemented without specific language regarding how to prioritize, or if there would be additional costs from this language.

These sections add the definition of a child which will include children over the age of 18 that cannot care for themselves. This could add additional parents that may be eligible for this tax credit, which were not included in the calculations previously. DOR assumes no additional impact from these sections as the credit will be apportioned equally among all filers.

DOR requires one (1) FTE Associate Customer Service Representative ($24,360 annual salary and $24,244 fringe benefits (Year 2) for every 4,000 apportioned credits redeemed, one (1) FTE Associate Customer Service Representative for every 4,000 tax credit transfers with CISCO phone licenses, and one (1) FTE Associate Customer Service Representative for every 7,600 errors/correspondence generated.

Oversight notes DOR anticipates the need for three (3) FTE Associate Customer Service Representatives as a result of this proposed legislation.

Oversight notes the minimum number of taxpayers that would claim this tax credit annually could be as low as 200 ($2,000,000 / $10,000). Furthermore, under current law, the total amount of tax credits that could be redeemed is $2,000,000. Theses sections do not change the existing cap.

Therefore, **Oversight** assumes DOR can continue to administer this tax credit program with existing resources. Should DOR experience the number of redemptions, transfers, and/or errors generated to justify additional FTE, DOR may seek additional FTE through the appropriation process.

In response to similar legislation (Perfected HCS HB 430 – 2021), officials from the **Missouri Department of Commerce and Insurance (DCI)** stated this proposed legislation could cause a potential unknown decrease of premium tax revenues (up to the tax credit limit established in the bill) as a result of the change to the "Adoption Tax Credit Act" tax credit. Premium tax revenue is split 50/50 between General Revenue and County Foreign Insurance Fund except for domestic Stock Property and Casualty Companies who pay premium tax to the County Stock Fund. The County Foreign Insurance Fund is later distributed to school districts throughout the state. County Stock Funds are later distributed to the school district and county treasurer of the county in which the principal office of the insurer is located. It is unknown how each of these funds may be impacted by tax credits each year and which insurers will qualify for the tax credit proposed. DCI will require minimal contract computer programming to add this new tax credit to the premium tax database and can do so under existing appropriation. However, should multiple bills pass that would require additional updates to the premium tax database, the department may need to request more expense and equipment appropriation through the budget process.

Oversight notes DCI assumes the programming changes required as a result of this proposed legislation can be done so under existing appropriation.

Oversight notes these sections change the name of the Special Needs Adoption Tax Credit to Adoption Tax Credit.

Currently, the Special Needs Adoption Tax Credit is limited to adoptions of special needs children who are residents or wards of residents of Missouri at the time the adoption is initiated.

These sections remove the requirements that such child being adopted be a special needs child or a resident or ward of a resident of Missouri. Therefore, a tax credit may be awarded to residents of this state who adopt <u>any</u> child or to a business who provides the funds necessary for an employee to adopt <u>any</u> child.

Theses sections state that priority shall be given to applications to claim the tax credit for special needs children who are residents or wards of residents of this state at the time the adoption is initiated.

Oversight notes these sections add a definition of "Child". The definition of "Child" is "any individuals who: has not attained an age of at least eighteen (18) years; or is eighteen (18) years of age or older but is physically or mentally incapable of caring for himself or herself".

Oversight notes the definition of "Special Needs Child" is modified. The current definition of "Special Needs Child" is "a child for whom it has been determined by the children's division, or by a child-placing agency licensed by the state, or by a court of competent jurisdiction to be a child: that cannot or should not be returned to the home of his or her parents; and who has a specific factor or condition such as ethnic background, age, membership in a minority or sibling group, medical condition, or handicap because of which it is reasonable to conclude that such child cannot be easily placed with adoptive parents".

These sections modify the definition of "Special Needs Child" to be "a child for whom it has been determined by the children's division, or by a child-placing agency licensed by the state, or by a court of competent jurisdiction to be a child: that cannot or should not be returned to the home of his or her parents; and who has a specific factor or condition such as age, membership sibling group, medical condition or diagnosis, or disability because of which it is reasonable to conclude that such child cannot be easily placed with adoptive parents".

Oversight notes the definition of "Handicap" is modified to become the definition of "Disability".

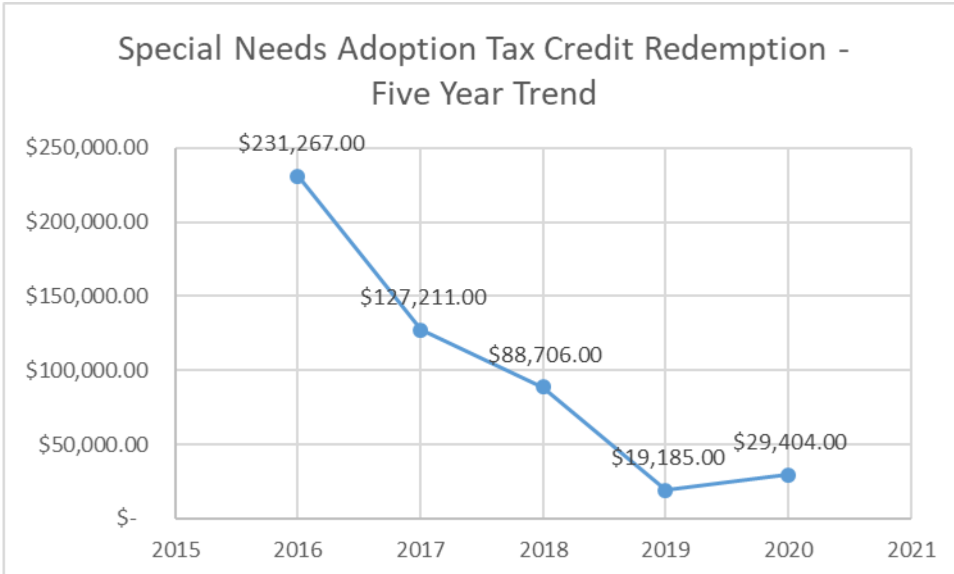
Oversight notes the tax credit program has a cap of $2 million which is not changed by these sections.

Oversight assumes participation in the tax credit program under these sections could increase as a result of the reduced requirements needed to receive the tax credit.

Oversight notes, per the Tax Credit Analysis submitted to Oversight by the Missouri Department of Revenue, the Special Needs Adoption Tax Credit had the following activity as it is currently administered:

Special Needs Adoption Tax Credit	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 (year to date)	FY 2021 (Full Year – est.)	FY 2022 (Budget Year – est.)
Amount Redeemed	$88,706	$19,185	$29,404	*$0*	$45,000	$45,000

Oversight notes, based on information provided to Oversight by DOR, the three (3) year average amount of Special Needs Adoption Tax Credit claimed and allowed on tax returns totals $45,765. Oversight further notes the five (5) year average amount of Special Needs Adoption Tax Credit claimed and allowed on tax returns totals $99,155. Below is a visualization showing the five year redemption trend for the Special Needs Adoption Tax Credit:



Oversight assumes much of the downward trend shown above is a result of Senate Bill(s) 20, 15, and 19 of the 2013 Regular Session which modified the Special Needs Adoption Tax Credit program by prohibiting the Special Needs Adoption Tax Credit for the adoption of non-resident children.

Oversight assumes, if passed, these sections would likely cause an upward trend in tax credit redemptions.

Oversight notes, per DOR, the estimated amount of Special Needs Adoption Tax Credit that will be claimed and allowed on tax returns during Fiscal Year 2022 totals $45,000. Oversight notes the modifications to the Special Needs Adoption Tax Credit would begin January 1, 2022. Tax returns for Tax Year 2022 would not be filed until after January 1, 2023 (Fiscal Year 2023).

Therefore, for purposes of this fiscal note, **Oversight** will show a reduction to GR equal to a range, beginning at $0 (participation in the tax credit program does not change) to the difference between the tax credit cap of $2 million and the estimated Fiscal Year 2022 redemption amount, as estimated by DOR, beginning in Fiscal Year 2023.

Section 135.800 – Tax Credit Accountability Act

Officials from **B&P** state this section would remove "special needs" from the adoption credit. B&P notes that this provision will not impact TSR or the calculation under Article X, Section 18(e).

Officials from **DOR** state this section updates the name of the Adoption tax credit program in statutes. This will not fiscally impact DOR.

Oversight notes this section modifies the references to "Special Needs Adoption Tax Credits" to "Adoption Tax Credits". Oversight does not anticipate a fiscal impact as it relates to the modification to the aforementioned references. Therefore, Oversight will not report a fiscal impact as it relates to this section.

Section 143.1170 – Foster Care Deduction

Officials from **B&P** state this section would grant foster parents an income tax deduction for the costs incurred related to providing care as a foster parent, beginning with Tax Year 2022. The total amount that may be granted is $5,000 per foster care home, if such individuals have been a foster parent for at least six (6) months during the tax year. Individuals who have been foster parents for less than six (6) months will be granted a pro rata portion of the maximum deduction. The following table shows the value of the tax deduction based on the length of fostering during a tax year.

Length of Fostering	Deduction
1 month	$833
2 months	$1,667
3 months	$2,500
4 months	$3,333
5 months	$4,167
6 months or more	$5,000

Based on information provided by the Missouri Department of Social Services, there are 13,875 children currently placed in 6,338 foster or relative home placements. There are 4,077 two (2) parent foster homes and 2,261 one parent foster homes. For the purpose of this fiscal note, B&P assumes that two (2) parent foster homes will file as married and one parent foster homes will file as single. Therefore, B&P estimates that 64.3% of foster homes are married filing joint and 35.7% are single.

Based on additional information provided by the Missouri Department of Social Services, there are currently 1,881 foster homes with placements less than six (6) months. There are 4,457 foster homes with placements longer than six (6) months.

Using the information and estimates above on the percent that are single versus married, B&P estimates that approximately 671 single individuals and 1,210 married individuals would qualify for a portion of the maximum deduction. B&P further estimates that approximately 1,590 single and 2,867 married foster parents will qualify for the maximum deduction.

B&P does not have information on the length of placements for foster homes that have operated for less than six (6) months. Therefore, B&P will show a range where all foster parents qualify for one (1) month of the deduction ($833) and where all foster parents qualify for five (5) months of the deduction ($4,167). The following table shows the total estimated deductions that may be claimed during a tax year.

Foster Homes	Total Deduction	
	Low	High
Number Fosters < 6 months	$1,567,500	$7,837,500
Number Fosters > 6 months	$22,285,000	
Total Estimated Deduction Claims	**$23,852,500**	**$30,122,500**

However, deductions do not reduce revenues on a dollar for dollar basis, but rather in proportion to the top tax rate applied. Therefore, B&P will show the estimated impacts throughout the implementation of the tax rate reductions from SB 509 (2014).

Tax Rate	5.4%	5.3%	5.2%	5.1%
Low Estimate	$1,288,035	$1,264,183	$1,240,330	$1,216,478
High Estimate	$1,626,615	$1,596,493	$1,566,370	$1,536,248

Officials from **DOR** state, for all tax years beginning on or after January 1, 2022, a taxpayer shall be allowed a deduction for expenses incurred directly by the taxpayer in providing care as a foster parent to one or more children in this state. The deduction cannot exceed $5,000 per tax return for singles and married filing joint returns, and $2,500 for married filing separate returns for those children in the taxpayer's custody for more than 6 months. The deduction amount shall be on a pro rata basis determined by DOR in the child is placed for less than 6 months.

DOR notes that if at 6 months a person gets the full $5,000 as a filer then the proportional share would be approximately $833 per month the child is in the home. DOR assumed the monthly amounts as follows:

	Filer
1 month	$833
2 months	$1,667
3 months	$2,500
4 months	$3,333
5 months	$4,167
6 month	$5,000

The Missouri Department of Social Services provided the following information regarding the foster care program:

- The total number of kids in foster care as of 11/30/2020 were 13,875.
- The number of kids in a foster home or relative placement for more than 6 months were 6,087
- The number of kids in a foster home or relative placement for less than 6 months were 4,950
- The number of foster homes or relative homes serving those kids were 6,338
- Number of single person foster homes were 2,261
- Number of two person foster homes were 4,077
- Number of foster homes that served kids less than 6 months were 1,881
- Number of foster homes that served kids more than 6 months were 4,457

Using the information provided by the Missouri Department of Social Services, DOR was able to make the following assumptions to calculate the impact.

This section begins with the tax year starting January 1, 2022. The first returns filed claiming the deduction would start being received January 2023 (Fiscal Year 2023).

A deduction is not a reduction of tax on a dollar for dollar basis but on a proportional basis based on the Individual Income Tax rate.

Using the number of foster homes, DOR was able to apportion the number of kids in the foster homes over/under six months to each taxpayer filing category.

Foster Homes	Number
Number Fosters < 6 months	1,881
Number Fosters > 6 months	4,457

Since this section allows taxpayers who have fosters kids more than 6 months to claim the maximum amount ($5,000), DOR was able to determine that the 4,457 filers could claim $22,285,000 (4,457 * $5,000). Since foster homes that have kids less than 6 months can claim a deduction in a proportional amount, DOR had to estimate a range for these filers. DOR estimated an impact for the filers of $1,567,500 (1 month) to $7,837,500 (for 5 months).

This results in a combined loss $23,852,500 to $30,122,500. Applying the 5.3% tax rate would result in a loss to GR of $1,264,183 to $1,596,493.

Fiscal Year	Low Loss to GR	High Loss to GR
2022	$0	$0
2023	($1,264,183)	($1,596,493)
2024	($1,264,183)	($1,596,493)

DOR anticipates the need for one (1) FTE Associate Customer Service Representative for every 14,700 errors created, one (1) FTE Associate Customer Service Representative for every 5,700 pieces of correspondence generated, one (1) part time employee for the new line item on tax forms, and a one-time cost of $2,000 for forms and programming changes.

Oversight notes DOR anticipates the need for two (2) FTE Associate Customer Service Representatives, one (1) part time employee, and a one-time cost of $2,000 for forms and programming changes.

Based on the estimates provided by DOR, the maximum number of returns in which the deduction would be claimed on totals 6,338. This is significantly less than the 14,700 errors needed to justify additional FTE. Oversight further assumes not every return will cause correspondence to be generated.

Therefore, for purposes of this fiscal note, **Oversight** assumes DOR can absorb the responsibilities associated with this new deduction with existing resources. Should DOR experience the number of errors and/or correspondence to justify additional FTE, DOR may seek additional FTE through the appropriation process.

Oversight notes this section creates an Individual Income Tax deduction for the expenses directly incurred by a taxpayer for providing care as a foster parent to one or more children in this state.

The Individual Income Tax deduction created is for all tax years beginning on or after January 1, 2022 and shall be equal to the amount of expenses directly incurred for providing care as a foster parent, but may not exceed $5,000 for individuals who file single or file as married filing combined and $2,500 for individuals who file married filing separately, provided the taxpayer provides care as a foster parent for at least six (6) months during the tax year. Should a taxpayer provide care as a foster parent for less than six (6) months during the tax year, the deduction shall equal a pro-rata amount which will be calculated using the maximum deduction(s) of $5,000 or $2,500.

Oversight notes the Missouri Department of Revenue and the Missouri Department of Social Services are to collaborate to establish and implement the procedures necessary to verify that a taxpayer is a foster parent.

Oversight notes pre-tax deductions do not reduce revenue(s) on a dollar-for-dollar basis. The estimated amount of deduction must be multiplied by the applicable tax rate to estimate the impact to state revenue(s).
The current Individual Income Tax rate is subject to be reduced by one-tenth of one percent (0.1%) three (3) more times pursuant to SB 509 (2014). A reduction in the rate of tax shall only occur if the amount of net general revenue collected in the previous fiscal year exceeds the highest amount of net general revenue collected in any of the three fiscal years prior to such fiscal year by at least $150 million.

The Individual Income Tax rate for Tax Year 2021 is 5.4%

Oversight anticipates the Individual Income Tax rate will be reduced from 5.4% to 5.3% for Tax Year 2022. This assumption is largely based on the extended tax filing due date for Tax Year 2019 which pushed revenues that would have normally be recognized in Fiscal Year 2020 into Fiscal Year 2021.

Once the tax rate is reduced from 5.4% to 5.3%, two (2) more rate reductions could occur in future, but separate, tax years, pursuant to SB 509 (2014).

Oversight does not anticipate the **fiscal years reported in this fiscal note** will be impacted by **additional** rate reductions. Therefore, for purposes of this fiscal note, the impact for **each** fiscal year reported, as it relates to this section, will be reported using an Individual Income Tax Rate of 5.3%.

For purposes of this fiscal note, **Oversight** will report the fiscal impact (range), as a result of the tax deduction, as stated by B&P and DOR, beginning in Fiscal Year 2023.

Section 191.975 – Adoption Awareness Law

Officials from **B&P** state this section would remove “special needs” from references to the adoption tax credit. B&P notes that this provision will not impact TSR or the calculation under Article X, Section 18(e).

Officials from **DOR** state this section updates the name of the Adoption tax credit program in statutes. This will not fiscally impact DOR.

Oversight notes this section modifies the references to “Special Needs Adoption Tax Credits” to “Adoption Tax Credits”. Oversight does not anticipate a fiscal impact as it relates to the modification to the aforementioned references. Therefore, Oversight will not report a fiscal impact as it relates to this section.

Section(s) 211.447, 453.014, 453.030, 453.040, & 453.070 – Parental Rights and Adoption

Officials from **B&P** state these sections will not impact B&P, TSR, or the calculation under Article X, Section 18(e).

Officials from **DOR** have deferred to the Missouri Department of Social Services as it relates to the fiscal impact of these sections.

Oversight notes the Missouri Department of Social Services does not anticipate this proposed legislation will cause a fiscal impact on their organization. Therefore, Oversight will not report a fiscal impact as it relates to these sections.

Legislation as a Whole –

Officials from the **Missouri Attorney General's Office**, the **Missouri Department of Health and Senior Services**, the **Missouri Department of Corrections**, the **Missouri Department of Social Services**, the **Missouri State Public Defender's Office**, the **Missouri Office of Prosecution Services**, and the **Missouri Office of State Courts Administrator** do not anticipate this proposed legislation will cause in a fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, Oversight will not report a fiscal impact for these organizations.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to SOS for administrative rules is less than $5,000. SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what SOS can sustain with SOS's core budget. Therefore, SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposed legislation. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriations process.

Officials from the **Joint Committee on Administrative Rules** assume this proposed legislation will not cause a fiscal impact beyond its current appropriation.

Oversight assumes JCAR will be able to administer any rules from this proposed legislation with existing resources.

FISCAL IMPACT – State Government	FY 2022 (10 Mo.)	FY 2023	FY 2024
GENERAL REVENUE FUND			
Revenue Reduction – Section 135.327 – Increased Participation In Adoption Tax Credit Program – p. 3-7	$0	$0 to ($1,955,000)	$0 to ($1,955,000)
Revenue Reduction – Section 143.1170 – Income Tax Deduction for Child Foster Care Services p. 8-12	$0	($1,264,183) to ($1,596,493)	($1,264,183) to ($1,596,493)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	**$0**	**($1,264,183) to ($3,551,493)**	**($1,264,183) to ($3,551,493)**

FISCAL IMPACT – Local Government	FY 2022 (10 Mo.)	FY 2023	FY 2024
	$0	**$0**	**$0**

FISCAL IMPACT – Small Business

This proposed legislation could positively impact any small business that provides the necessary funds to an employee to proceed with the adoption of a child in which, under current law, would not qualify for the Special Needs Adoption Tax Credit as the small business could utilize the tax credit to reduce or eliminate the small business's state tax liability.

FISCAL DESCRIPTION

This bill renames and alters the current "Special Needs Adoption Tax Credit Act" to the "Adoption Tax Credit Act".

Currently, any person residing in this state who proceeds in good faith with the adoption of a special needs child who is a resident or ward of a resident of this state is eligible for a $10,000 nonrefundable tax credit for nonrecurring adoption expenses for each child. Additionally, any business entity providing funds to an employee to enable that employee to proceed in good faith with the adoption of a special needs child is eligible to receive a tax credit of up to $10,000 for nonrecurring adoption expenses for each child, except that only one $10,000 credit is available for each special needs child that is adopted.

Beginning January 1, 2022, this bill removes the special needs and residency requirements for adoptions to be eligible for the tax credit. Priority will be given to applications to claim the tax credit for special needs children who are residents or wards of residents of this state at the time the adoption is initiated. The House Committee Substitute changes the bills definition of "handicap" to "disability" and modifies the definition of "special needs child". The perfected bill defines a "child" as any individual under 18 years old or over 18 but is physically or mentally incapable of caring for themselves.

Beginning on January 1, 2022, a taxpayer will be allowed a tax deduction for expenses incurred directly by the taxpayer in providing care as a foster parent to one or more children in this state. The amount of the deduction will be equal to the amount of expenses directly incurred by the taxpayer in providing such care; provided that:

If the taxpayer provides care as a foster parent for at least six months during the tax year, the total amount of the deduction claimed under this bill will not exceed $5,000 or $2,500 for individuals filing married filing separate; and

If the taxpayer provides care as a foster parent for less than six months during the tax year, the maximum deduction limits described will still apply, but the limits will be reduced on a pro rata basis.

The Department of Revenue will collaborate with the Children's Division of the Department of Social Services in order to establish and implement a procedure to verify that a taxpayer claiming the deduction is a foster parent.

Each taxpayer claiming the deduction must file an affidavit with their income tax return. The affidavit will affirm that they are a foster parent and that they are entitled to the deduction in the amount claimed on their tax return.

This act modifies the definition of an abandoned infant or abandoned child, in cases of termination of parental rights, to mean a child three years of age or under instead of one year or under in current law. Additionally, the grounds for determining abandonment have been modified. Under current law, a child can be considered abandoned if the parent, without good cause, left the child without any provision for parental support and without making arrangements to visit or communicate with the child. This act modifies this language so that a child can be considered abandoned if the parent has, for a period of 60 days immediately prior to the filing of the petition to terminate parental rights, willfully, substantially, and continuously neglected to provide the child with necessary care and protection.

Under current law, a termination of parental rights may occur if the parent has been found guilty of certain felony offenses when the child or any child in the family was a victim. This act adds additional felony offenses to the list and removes the requirement that the child be a child in the family or that the child reside with the parent at the time of the offense.

This act modifies provisions relating to the circumstances under which the juvenile officer or Children's Division has the discretion to file a petition to terminate parental rights to change the determination of an "abandoned" child to mirror changes made under the provisions for mandatory termination of parental right proceedings, as well as modifies determinations of parental unfitness to include circumstances when the child has been under the jurisdiction of the juvenile court for at least 15 of the 22 months prior to the filing of the petition.

This act modifies provisions granting, under current law, the Department of Social Services and the Department of Health and Senior Services regulatory authority for placing a child for adoption to instead grant such authority to the Children's Division and to repeal such authority from the Department of Health and Senior Services.

Under current law, prospective adoptive parents or the child-placing agency shall pay reasonable attorney fees incurred by the birth parent throughout the adoption process, unless the court determines the adoptive parents are unable to pay such fees. This act repeals this provision, while retaining the provision guaranteeing the birth parent the right to legal representation. Additionally, this act repeals language permitting the court to appoint an attorney to represent the birth parent in cases where the hiring of an attorney would represent a financial hardship for the birth parent.

Finally, this act modifies the circumstances in which a parent's consent to adoption is not required to reflect the changes made to identifying "abandoned" children.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Missouri Attorney General's Office
Office of Administration – Budget & Planning Division
Missouri Department of Health and Senior Services
Missouri Department of Corrections
Missouri Department of Revenue
Missouri Department of Social Services
Missouri Secretary of State's Office
Missouri State Public Defender's Office
Missouri Department of Commerce and Insurance
Missouri Office of Prosecution Services
Office of State Courts Administrator
Joint Committee on Administrative Rules

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