

FIRST REGULAR SESSION

# HOUSE BILL NO. 714

102ND GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE KELLY (141).

1685H.011

DANA RADEMAN MILLER, Chief Clerk

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## AN ACT

To repeal sections 135.327, 135.331, and 135.333, RSMo, and to enact in lieu thereof three new sections relating to adoption tax credits.

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

Section A. Sections 135.327, 135.331, and 135.333, RSMo, are repealed and three  
2 new sections enacted in lieu thereof, to be known as sections 135.327, 135.331, and 135.333,  
3 to read as follows:

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

10 2. Any person residing in this state who proceeds in good faith with the adoption of a  
11 special needs child on or after January 1, 2000, and before January 1, 2022, shall be eligible  
12 to receive a tax credit of up to ten thousand dollars for nonrecurring adoption expenses for  
13 each child that may be applied to taxes due under chapter 143; provided, however, that  
14 beginning on March 29, 2013, the tax credits shall only be allocated for the adoption of  
15 special needs children who are residents or wards of residents of this state at the time the  
16 adoption is initiated. Any business entity providing funds to an employee to enable that

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.

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

22         3. Any person residing in this state who proceeds in good faith with the adoption of a  
23 child on or after January 1, 2022, regardless of whether such child is a special needs child,  
24 shall be eligible to receive a tax credit of up to ten thousand dollars for nonrecurring adoption  
25 expenses for each child that may be applied to taxes due under chapter 143. The tax credit  
26 shall be allowed regardless of whether the child adopted is a resident or ward of a resident of  
27 this state at the time the adoption is initiated; however, **for tax years ending on or before**  
28 **December 31, 2023**, priority shall be given to applications to claim the tax credit for special  
29 needs children who are residents or wards of residents of this state at the time the adoption is  
30 initiated. Any business entity providing funds to an employee to enable that employee to  
31 proceed in good faith with the adoption of a child shall be eligible to receive a tax credit of up  
32 to ten thousand dollars for nonrecurring adoption expenses for each child that may be applied  
33 to taxes due under such business entity's state tax liability; except that, only one credit, up to  
34 ten thousand dollars, shall be available for each child who 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.  
42 The cumulative amount of tax credits that may be claimed by taxpayers claiming the credit  
43 for nonrecurring adoption expenses shall not be more than two million dollars but may be  
44 increased by appropriation in any fiscal year beginning on or after July 1, 2004, and ending on  
45 or before June 30, 2021. The cumulative amount of tax credits that may be claimed by  
46 taxpayers claiming the credit for nonrecurring adoption expenses shall not exceed six million  
47 dollars in any fiscal year beginning on or after July 1, 2021, **and ending on or before June**  
48 **30, 2023. For all fiscal years beginning on or after July 1, 2023, there shall be no limit**  
49 **imposed on the cumulative amount of tax credits that may be claimed by taxpayers**  
50 **claiming the credit for nonrecurring adoption expenses.** For all fiscal years beginning on  
51 or after July 1, 2006, **and ending on or before June 30, 2023**, applications to claim the  
52 adoption tax credit shall be filed between July first and April fifteenth of each fiscal year.

53           5. Notwithstanding any provision of law to the contrary, any individual or business  
54 entity may assign, transfer or sell tax credits allowed in this section. Any sale of tax credits  
55 claimed pursuant to this section shall be at a discount rate of seventy-five percent or greater of  
56 the amount sold.

          135.331. No credit shall be allowable for the adoption of any child who has attained  
2 the age of eighteen, unless it has been determined that the child has a medical condition or  
3 ~~handicap~~ **disability** that would limit the child's ability to live independently of the adoptive  
4 parents.

          135.333. 1. **(1) For tax years ending on or before December 31, 2023**, any amount  
2 of tax credit which exceeds the tax due or which is applied for and otherwise eligible for  
3 issuance but not issued shall not be refunded but may be carried over to any subsequent  
4 ~~taxable~~ **tax** year, not to exceed a total of five years for which a tax credit may be taken for  
5 each child adopted.

6           **(2) For tax years beginning on or after January 1, 2024, any amount of tax credit**  
7 **that is issued and which exceeds the tax due shall be refunded to the taxpayer.**

8           2. Tax credits that are assigned, transferred or sold as allowed in section 135.327 may  
9 be assigned, transferred or sold in their entirety notwithstanding the taxpayer's tax due.

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