

105TH CONGRESS  
1ST SESSION

# S. 935

To amend the Internal Revenue Code of 1986 to increase the limit on the credit for adoption expenses and the exclusion for employer-provided adoption assistance for the adoption of special needs children, and to allow penalty-free IRA withdrawals for adoption expenses.

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## IN THE SENATE OF THE UNITED STATES

JUNE 18 (legislative day, JUNE 17), 1997

Mr. SPECTER (for himself, Mr. SANTORUM, Mr. BOND, Mr. INOUE, Mr. COCHRAN, and Mr. HARKIN) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to increase the limit on the credit for adoption expenses and the exclusion for employer-provided adoption assistance for the adoption of special needs children, and to allow penalty-free IRA withdrawals for adoption expenses.

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. SHORT TITLE.**

4       This Act may be cited as the “Adoption Promotion  
5       Act of 1997”.

1 **SEC. 2. INCREASE IN LIMIT ON CREDIT FOR ADOPTION EX-**  
 2 **PENSES AND EXCLUSION FOR EMPLOYER-**  
 3 **PROVIDED ADOPTION ASSISTANCE FOR**  
 4 **ADOPTION OF SPECIAL NEEDS CHILDREN.**

5 (a) CREDIT.—Section 23(b)(1) of the Internal Reve-  
 6 nue Code of 1986 (relating to dollar limitation) is amend-  
 7 ed by striking “\$6,000” and inserting “\$7,500”.

8 (b) EXCLUSION.—Section 137(b)(1) of the Internal  
 9 Revenue Code of 1986 (relating to dollar limitation) is  
 10 amended by striking “\$6,000” and inserting “\$7,500”.

11 (c) EFFECTIVE DATE.—The amendments made by  
 12 this section shall apply to taxable years beginning after  
 13 December 31, 1996.

14 **SEC. 3. DISTRIBUTIONS FROM CERTAIN PLANS MAY BE**  
 15 **USED WITHOUT PENALTY TO PAY ADOPTION**  
 16 **EXPENSES.**

17 (a) IN GENERAL.—Section 72(t)(2) of the Internal  
 18 Revenue Code of 1986 (relating to exceptions to 10-per-  
 19 cent additional tax on early distributions from qualified  
 20 retirement plans) is amended by adding at the end the  
 21 following:

22 “(E) DISTRIBUTIONS FROM CERTAIN  
 23 PLANS FOR ADOPTION EXPENSES.—Distribu-  
 24 tions to an individual from an individual retire-  
 25 ment plan of so much of the qualified adoption

1 expenses (as defined in section 23(d)(1)) of the  
2 individual as does not exceed \$2,000.”.

3 (b) CONFORMING AMENDMENT.—Section  
4 72(t)(2)(B) of the Internal Revenue Code of 1986 is  
5 amended by striking “or (D)” and inserting “, (D) or  
6 (E)”.

7 (c) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply to payments and distributions after  
9 December 31, 1996.

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