

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.

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 “Hope for Children
5 Act”.

6 **SEC. 2. EXPANSION OF ADOPTION CREDIT AND ADOPTION**
7 **ASSISTANCE PROGRAMS.**

8 (a) IN GENERAL.—

1 (1) ADOPTION CREDIT.—Section 23(a)(1) of
 2 the Internal Revenue Code of 1986 (relating to al-
 3 lowance of credit) is amended to read as follows:

4 “(1) IN GENERAL.—In the case of an indi-
 5 vidual, there shall be allowed as a credit against the
 6 tax imposed by this chapter—

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

11 “(B) in the case of an adoption of a child
 12 with special needs, \$10,000.”.

13 (2) ADOPTION ASSISTANCE PROGRAMS.—Sec-
 14 tion 137(a) of such Code (relating to adoption as-
 15 sistance programs) is amended to read as follows:

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

22 “(1) in the case of an adoption of a child other
 23 than a child with special needs, the amount of the
 24 qualified adoption expenses paid or incurred by the
 25 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.—

1 (A) ADOPTION EXPENSES.—Clause (i) of
 2 section 23(b)(2)(A) of such Code (relating to
 3 income limitation) is amended by striking
 4 “\$75,000” and inserting “\$150,000”.

5 (B) ADOPTION ASSISTANCE PROGRAMS.—
 6 Section 137(b)(2)(A) of such Code (relating to
 7 income limitation) is amended by striking
 8 “\$75,000” and inserting “\$150,000”.

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

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

17 (d) REPEAL OF SUNSET PROVISIONS.—

18 (1) CHILDREN WITHOUT SPECIAL NEEDS.—
 19 Paragraph (2) of section 23(d) of the Internal Rev-
 20 enue Code of 1986 (relating to definition of eligible
 21 child) is amended to read as follows:

22 “(2) ELIGIBLE CHILD.—The term ‘eligible
 23 child’ means any individual who—

24 “(A) has not attained age 18, or

1 “(B) is physically or mentally incapable of
2 caring for himself.”.

3 (2) ADOPTION ASSISTANCE PROGRAMS.—Sec-
4 tion 137 of such Code (relating to adoption assist-
5 ance programs) is amended by striking subsection
6 (f).

7 (e) ADJUSTMENT OF DOLLAR AND INCOME LIMITA-
8 TIONS FOR INFLATION.—

9 (1) ADOPTION CREDIT.—Section 23 of the In-
10 ternal Revenue Code of 1986 (relating to adoption
11 expenses) is amended by redesignating subsection
12 (h) as subsection (i) and by inserting after sub-
13 section (g) the following new subsection:

14 “(h) ADJUSTMENTS FOR INFLATION.—In the case of
15 a taxable year beginning after December 31, 2002, each
16 of the dollar amounts in subsection (a)(1)(B) and para-
17 graphs (1) and (2)(A)(i) of subsection (b) shall be in-
18 creased by an amount equal to—

19 “(1) such dollar amount, multiplied by

20 “(2) the cost-of-living adjustment determined
21 under section 1(f)(3) for the calendar year in which
22 the taxable year begins, determined by substituting
23 ‘calendar year 2001’ for ‘calendar year 1992’ in sub-
24 paragraph (B) thereof.”.

1 (2) ADOPTION ASSISTANCE PROGRAMS.—Sec-
 2 tion 137 of such Code (relating to adoption assist-
 3 ance programs), as amended by subsection (d), is
 4 amended by adding at the end the following new
 5 subsection:

6 “(f) ADJUSTMENTS FOR INFLATION.—In the case of
 7 a taxable year beginning after December 31, 2002, each
 8 of the dollar amounts in subsection (a)(2) and paragraphs
 9 (1) and (2)(A) of subsection (b) shall be increased by an
 10 amount equal to—

11 “(1) such dollar amount, multiplied by

12 “(2) the cost-of-living adjustment determined
 13 under section 1(f)(3) for the calendar year in which
 14 the taxable year begins, determined by substituting
 15 ‘calendar year 2001’ for ‘calendar year 1992’ in sub-
 16 paragraph (B) thereof.”.

17 (f) LIMITATION BASED ON AMOUNT OF TAX.—

18 (1) IN GENERAL.—Section 23(c) of the Internal
 19 Revenue Code of 1986 (relating to carryforwards of
 20 unused credit) is amended by striking “the limita-
 21 tion imposed” and all that follows through
 22 “1400C)” and inserting “the applicable tax limita-
 23 tion”.

24 (2) APPLICABLE TAX LIMITATION.—Section
 25 23(d) of such Code (relating to definitions) is

1 amended by adding at the end the following new
2 paragraph:

3 “(4) APPLICABLE TAX LIMITATION.—The term
4 ‘applicable tax limitation’ means the sum of—

5 “(A) the taxpayer’s regular tax liability for
6 the taxable year, reduced (but not below zero)
7 by the sum of the credits allowed by sections
8 21, 22, 24 (other than the amount of the in-
9 crease under subsection (d) thereof), 25, and
10 25A, and

11 “(B) the tax imposed by section 55 for
12 such taxable year.”.

13 (3) CONFORMING AMENDMENTS.—

14 (A) Section 26(a) of such Code (relating to
15 limitation based on amount of tax) is amended
16 by inserting “(other than section 23)” after “al-
17 lowed by this subpart”.

18 (B) Section 53(b)(1) of such Code (relat-
19 ing to minimum tax credit) is amended by in-
20 serting “reduced by the aggregate amount
21 taken into account under section 23(d)(3)(B)
22 for all such prior taxable years,” after “1986,”.

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

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