



Fiscal Note
H.B. 106

2021 General Session
Adoption Tax Credit
by Shipp, R.



General, Education, and Uniform School Funds

JR4-4-101

	Ongoing	One-time	Total
Net GF/EF/USF (rev.-exp.)	\$(19,629,000)	\$15,781,800	\$(3,847,200)

State Government

UCA 36-12-13(2)(c)

Revenues	FY 2021	FY 2022	FY 2023
Education Fund	\$0	\$(19,621,000)	\$(19,621,000)
Education Fund, One-time	\$0	\$15,816,800	\$12,161,500
Total Revenues	\$0	\$(3,804,200)	\$(7,459,500)

Enactment of this bill could decrease income tax revenue by \$3.8 million in FY 2021; \$7.5 million in FY 2022; and continuing to increase each year over the five-year carryforward period before leveling off at approximately \$19.6 million as prior year credits begin to be used in full.

Expenditures	FY 2021	FY 2022	FY 2023
General Fund	\$0	\$8,000	\$8,000
General Fund, One-time	\$0	\$35,000	\$0
Total Expenditures	\$0	\$43,000	\$8,000

Enactment of this bill could cost the Department of Workforce Services \$35,000 one-time from the General Fund in FY 2021 for database programming to certify potential tax credit applicants and \$8,000 ongoing for operational support. The Department has indicated that they can absorb the ongoing costs.

	FY 2021	FY 2022	FY 2023
Net All Funds	\$0	\$(3,847,200)	\$(7,467,500)

Local Government

UCA 36-12-13(2)(c)

Enactment of this legislation likely will not result in direct, measurable costs for local governments.

Individuals & Businesses

UCA 36-12-13(2)(c)

Taxpayers who adopt a qualifying child may be eligible for either a nonrefundable tax credit or a refundable tax credit (depending on income) equal to the amount of the claimant's adoption expenses for which a federal tax credit was not claimed. An estimated 877 individuals are expected to claim one of the credits in FY 2022. Individual taxpayer impacts will depend on the claimant's adoption expenses, income, and state tax liability. Additionally, approximately 225 taxpayers could lose a special needs adoptions credit of \$1,000 annually. In aggregate taxpayers could experience a decreased income tax liability of \$3.8 million in FY 2021 and \$7.5 million in FY 2022.

Regulatory Impact

UCA 36-12-13(2)(d)

Enactment of this legislation likely will not change the regulatory burden for Utah residents or businesses.

Performance Note

JR4-2-404

No performance note required for this bill

Notes on Notes

Fiscal notes estimate the direct costs or revenues of enacting a bill. The Legislature uses them to balance the budget. They do not measure a bill's benefits or non-fiscal impacts like opportunity costs, wait times, or inconvenience. A fiscal note is not an appropriation. The Legislature decides appropriations separately.