



Fiscal Note
H.B. 130
 2023 General Session
 Adoption Tax Credit
 by Shipp, R.



General, Income Tax, and Uniform School Funds

JR4-4-101

	Ongoing	One-time	Total
Net GF/ITF/USF (rev.-exp.)	\$ (14,783,900)	\$ 12,137,700	\$ (2,646,200)

State Government

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

Revenues	FY 2023	FY 2024	FY 2025
Income Tax Fund	\$0	\$ (14,775,100)	\$ (14,775,100)
Income Tax Fund, One-time	\$0	\$ 12,172,700	\$ 9,874,800
Total Revenues	\$0	\$ (2,602,400)	\$ (4,900,300)

Enactment of this bill may decrease Income Tax Fund revenues by an estimated \$2.6 million in FY 2024; \$4.9 million in FY 2025; and continuing to increase each year over the five-year carryforward period before leveling off at approximately \$15 million in FY 2030 as prior year credits begin to be used in full.

Expenditures	FY 2023	FY 2024	FY 2025
General Fund	\$0	\$ 8,800	\$ 8,800
General Fund, One-time	\$0	\$ 35,000	\$0
Total Expenditures	\$0	\$ 43,800	\$ 8,800

Enactment of this bill could cost the Department of Workforce Services \$35,000 one-time from the General Fund in FY 2024 for database programming to certify potential tax credit applicants and \$8,000 ongoing from the General Fund beginning in FY 2024 for operational support. The Department has indicated that they can absorb the ongoing costs.

	FY 2023	FY 2024	FY 2025
Net All Funds	\$0	\$ (2,646,200)	\$ (4,909,100)

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 858 individuals are expected to claim one of the credits in FY 2024. Additionally, an estimated 150 taxpayers could lose a special needs adoption credit of \$1,000 annually; however, some of these taxpayers may be eligible for one of the new tax credits. Individual taxpayer impacts will depend on the claimant's adoption expenses, income, state tax liability, and other factors. Aggregate impact is approximately \$2.6 million in FY 2024 and \$4.9 million in FY 2025.

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 Evaluation

JR1-4-601

This bill does not create a new program or significantly expand an existing program.

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.