



Fiscal Note
H.B. 130 2nd Sub. (Gray)

2023 General Session
 Adoption Tax Credit
 by Shipp, R. (Shipp, Rex.)



General, Income Tax, and Uniform School Funds

JR4-4-101

| | Ongoing | One-time | Total |
|----------------------------|---------------|----------|---------------|
| Net GF/ITF/USF (rev.-exp.) | \$(2,678,800) | \$95,000 | \$(2,583,800) |

State Government

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

| Revenues | FY 2023 | FY 2024 | FY 2025 |
|---------------------------|------------|----------------------|----------------------|
| Income Tax Fund | \$0 | \$(2,670,000) | \$(2,670,000) |
| Income Tax Fund, One-time | \$0 | \$130,000 | \$0 |
| Total Revenues | \$0 | \$(2,540,000) | \$(2,670,000) |

Enactment of this bill may decrease Income Tax Fund revenues by an estimated \$2.5 million in FY 2024 and \$2.7 million in FY 2025 as a result of the adoption credit authorized in the legislation.

| 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 | \$(2,583,800) | \$(2,678,800) |

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 lesser of \$3,500 or the amount of the claimant's adoption expenses for which a federal tax credit was not claimed. An estimated 1,025 individuals are expected to claim one of the credits in tax year 2023. Additionally, an estimated 150 taxpayers could lose a special needs adoption credit of \$1,000 annually.

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.