

1 **TAX INCENTIVES FOR ADOPTION AND**
2 **GUARDIANSHIP**

3 1998 GENERAL SESSION

4 STATE OF UTAH

5 **Sponsor: J. Brent Haymond**

6 AN ACT RELATING TO REVENUE AND TAXATION; PROVIDING A REFUNDABLE
7 INDIVIDUAL INCOME TAX CREDIT FOR AN ADOPTIVE PARENT OR GUARDIAN OF
8 A QUALIFIED CHILD UNDER CERTAIN CIRCUMSTANCES; AND PROVIDING AN
9 EFFECTIVE DATE.

10 This act affects sections of Utah Code Annotated 1953 as follows:

11 ENACTS:

12 **59-10-131**, Utah Code Annotated 1953

13 *Be it enacted by the Legislature of the state of Utah:*

14 Section 1. Section **59-10-131** is enacted to read:

15 **59-10-131. Adoption or guardianship tax credit.**

16 (1) For purposes of this section:

17 (a) "Adoptive parent" means a person who adopts a qualified child.

18 (b) "Guardian" means a person who is appointed legal guardian of a qualified child.

19 (c) "Qualified child" means a person:

20 (i) who is 17 years of age or younger;

21 (ii) (A) who is adopted pursuant to the provisions of Title 78, Chapter 30, Adoption,
22 during the time period described in Subsection (2); or

23 (B) for whom a guardian is appointed pursuant to the provisions of Title 75, Chapter 5,
24 Part 2, Guardians of Minors, during the time period described in Subsection (2); and

25 (iii) who was in the custody of the Division of Child and Family Services within the
26 Department of Human Services at the time the adoption occurred or the guardian was appointed.

27 (2) A person who becomes an adoptive parent or guardian during taxable years beginning

1 on or after January 1, 1999, but beginning on or before December 31, 2000, may, pursuant to
2 Subsection (3), claim a refundable credit of \$2,500 for each qualified child the adoptive parent
3 or guardian is entitled to claim as a dependent.

4 (3) An adoptive parent or guardian may claim the credit described in Subsection (2) for
5 consecutive taxable years beginning on the taxable year in which the adoptive parent or guardian
6 adopts or is appointed guardian of the qualified child through the taxable year during which any
7 of the following occur:

8 (a) the qualified child reaches 18 years of age;

9 (b) the adoption or guardianship is terminated; or

10 (c) the adoptive parent or guardian has been eligible to claim the credit for four taxable
11 years.

12 (4) If the amount of the credit described in Subsection (2) exceeds the adoptive parent's
13 or guardian's tax liability under this chapter for the taxable year, the commission shall refund the
14 amount of the credit exceeding the liability.

15 (5) The tax credit described in this section may only be claimed by one adoptive parent
16 or guardian of each qualified child in any one taxable year.

17 (6) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the
18 commission may make rules providing procedures to implement the tax credit under this section.

19 Section 2. **Effective date.**

20 This act takes effect on January 1, 1999.

Legislative Review Note
as of 8-29-97 1:06 PM

A limited legal review of this bill raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel

Committee Note

The Health and Human Services Interim Committee recommended this bill.