

**AMENDMENTS TO INDIVIDUAL INCOME TAX
CREDIT FOR SPECIAL NEEDS ADOPTIONS**

2005 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Parley G. Hellewell

House Sponsor: Michael T. Morley

LONG TITLE

General Description:

This bill modifies the Individual Income Tax Act relating to a tax credit for special needs adoptions.

Highlighted Provisions:

This bill:

- ▶ amends the definition of "child who has a special need";
- ▶ requires that an adoption occur in this state for a taxpayer to be eligible for a tax credit; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill has retrospective operation for taxable years beginning on or after January 1, 2005.

Utah Code Sections Affected:

AMENDS:

59-10-133, as last amended by Chapter 63, Laws of Utah 2003

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

Section 1. Section **59-10-133** is amended to read:

59-10-133. Tax credit for adoption of a child who has a special need.

(1) ~~[For purposes of]~~ As used in this section, a "child who has a special need" means a child ~~[(a) for whom permanent custody has been awarded to the Utah Division of Child and Family Services; (b) who cannot or should not be returned to the home of the child's biological parents; and (c)]~~ who meets at least one of the following conditions:

~~[(i)]~~ (a) the child is five years of age or older;

~~[(ii)]~~ (b) the child:

(i) is under the age of 18 ~~[with]~~; and

(ii) has a physical, emotional, or mental disability; or

~~[(iii)]~~ (c) the child is a member of a sibling group placed together for adoption.

(2) For taxable years beginning on or after January 1, ~~[2004]~~ 2005, a taxpayer who adopts in this state a child who has a special need may claim on the taxpayer's individual income tax return for the taxable year a refundable credit of \$1,000 against taxes otherwise due under this chapter for:

(a) adoptions for which a court issues an order granting the adoption on or after January 1, ~~[2004]~~ 2005;

(b) the taxable year during which a court issues an order granting the adoption; and

(c) each child who has a special need whom the taxpayer adopts.

(3) The credit provided for in this section may not be carried forward or carried back.

(4) Nothing in this section shall affect the ability of any taxpayer who adopts a child who has a special need to receive adoption assistance under Section 62A-4a-907.

Section 2. Retrospective operation.

This bill has retrospective operation for taxable years beginning on or after January 1, 2005.