

House File 2637 - Introduced

HOUSE FILE 2637

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 2243)

A BILL FOR

1 An Act relating to the adoption tax credit available against
2 the individual income tax, and including effective date and
3 retroactive applicability provisions.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 422.12A, subsection 2, Code 2024, is
2 amended to read as follows:

3 2. The taxes imposed under this subchapter, less the
4 credits allowed under section 422.12, shall be reduced by an
5 adoption tax credit equal to the amount of qualified adoption
6 expenses paid or incurred by the taxpayer in connection with
7 the adoption of a child by the taxpayer, not to exceed five
8 twenty thousand dollars per adoption.

9 Sec. 2. EFFECTIVE DATE. This Act, being deemed of immediate
10 importance, takes effect upon enactment.

11 Sec. 3. RETROACTIVE APPLICABILITY. This Act applies
12 retroactively to January 1, 2023, for tax years beginning on or
13 after that date if the adoption becomes final on or after that
14 date.

15 EXPLANATION

16 The inclusion of this explanation does not constitute agreement with
17 the explanation's substance by the members of the general assembly.

18 This bill relates to the adoption tax credit available
19 against the individual income tax.

20 Currently, the tax credit equals up to \$5,000 of qualified
21 adoption expenses per adoption. The bill increases the tax
22 credit to equal up to \$20,000 of qualified adoption expenses
23 per adoption. Any credit in excess of the tax liability is
24 refundable.

25 "Qualified adoption expenses" means unreimbursed expenses
26 paid or incurred in connection with the adoption of a child,
27 including medical and hospital expenses of the biological
28 mother which are incident to the child's birth, welfare agency
29 fees, legal fees, and all other fees and costs which relate to
30 the adoption of a child.

31 "Child" means an individual under 18 years of age.

32 Current law in Code section 422.12A(4) determines the tax
33 year when qualified adoption expenses are allowed.

34 The bill takes effect upon enactment and applies
35 retroactively to tax years beginning on or after January 1,

H.F. 2637

1 2023, for adoptions finalized on or after that date.