

**House Study Bill 108 - Introduced**

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON HEIN)

**A BILL FOR**

1 An Act relating to claiming the adoption tax credit for  
2 qualified adoption expenses paid or incurred during a tax  
3 year and including 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 2019, is  
2 amended to read as follows:

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

9 Sec. 2. Section 422.12A, Code 2019, is amended by adding the  
10 following new subsection:

11 NEW SUBSECTION. 3A. The credit under this section with  
12 respect to any qualified adoption expense shall be allowed  
13 during a tax year as follows:

14 a. For any qualified adoption expense paid or incurred prior  
15 to or during the tax year in which the adoption becomes final,  
16 the tax year in which the adoption becomes final.

17 b. For any qualified adoption expense paid or incurred after  
18 the tax year in which the adoption becomes final, the tax year  
19 in which an adoption expense is paid or incurred.

20 Sec. 3. RETROACTIVE APPLICABILITY. This Act applies  
21 retroactively to January 1, 2019, for tax years beginning on  
22 or after that date.

23 EXPLANATION

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

26 This bill relates to claiming the adoption tax credit for  
27 qualified adoption expenses paid or incurred by an individual  
28 taxpayer during a tax year.

29 Currently, in order to claim the adoption tax credit the  
30 taxpayer must pay or incur "qualified adoption expenses" during  
31 the tax year, which are unreimbursed, and connected with the  
32 adoption. The bill strikes the requirement that the "qualified  
33 adoption expenses" be paid or incurred by the taxpayer during  
34 the tax year.

35 The bill specifies that if a qualified adoption expense is

1 incurred prior to or during the tax year in which the adoption  
2 becomes final, the qualified adoption expense shall be allowed  
3 during the tax year in which the adoption becomes final.

4 For qualified adoption expenses incurred after the tax year  
5 in which the adoption becomes final, the qualified adoption  
6 expense shall be allowed during the tax year such adoption  
7 expense was paid or incurred.

8 The bill applies retroactively to tax years beginning on or  
9 after January 1, 2019.