

FIRST REGULAR SESSION

SENATE BILL NO. 22

90TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR FLOTRON.

Pre-filed December 1, 1998, and 1,000 copies ordered printed.

S0190.011

TERRY L. SPIELER, Secretary.

AN ACT

To repeal section 135.333, RSMo 1994, and sections 135.326 and 135.327, RSMo Supp. 1998, relating to the adoption of special needs children, and to enact in lieu thereof three new sections relating to the same subject.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Section 135.333, RSMo 1994, and sections 135.326 and 135.327, RSMo Supp. 1998, are repealed and three new sections enacted in lieu thereof, to be known as sections 135.326, 135.327 and 135.333, to read as follows:

135.326. As used in sections 135.325 to 135.339, the following terms shall mean:

(1) "Business entity", person, firm, a partner in a firm, corporation or a shareholder in an S corporation doing business in the state of Missouri and subject to the state income tax imposed by the provisions of chapter 143, RSMo, or a corporation subject to the annual corporation franchise tax imposed by the provisions of chapter 147, RSMo, or an insurance company paying an annual tax on its gross premium receipts in this state, or other financial institution paying taxes to the state of Missouri or any political subdivision of this state under the provisions of chapter 148, RSMo, or an express company which pays an annual tax on its gross receipts in this state pursuant to chapter 153, RSMo;

(2) "Handicap", a mental, physical, or emotional impairment that substantially limits one or more major life activities, whether the impairment is congenital or acquired by accident, injury or disease, and where the impairment is verified by medical findings;

(3) "Nonrecurring adoption expenses", reasonable and necessary adoption fees, court costs, attorney fees, and other expenses which are directly related to the legal adoption of a special needs

EXPLANATION--Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

child and which are not incurred in violation of federal, state, or local law;

(4) "Special needs child", a child for whom it has been determined by the division of family services, **or** by a child placing agency licensed by the state, or by a court of competent jurisdiction to be a child:

(a) That cannot or should not be returned to the home of his or her parents; **[and] or**

(b) Who has a specific factor or condition such as ethnic background, age, membership in a minority or sibling group, medical condition, or handicap because of which it is reasonable to conclude that such child cannot be easily placed with adoptive parents; **[and] or**

(c) **[Except] Where a reasonable, but unsuccessful, effort has been made to place the child with appropriate adoptive parents, except when** it would be against the best interests of the child because of such factors as the existence of significant emotional ties with prospective adoptive parents while in the care of such parents as a foster child[, a reasonable, but unsuccessful, effort has been made to place the child with appropriate adoptive parents];

(5) "State tax liability", any liability incurred by a taxpayer under the provisions of chapter 143, RSMo, chapter 147, RSMo, chapter 148, RSMo, and chapter 153, RSMo, exclusive of the provisions relating to the withholding of tax as provided for in sections 143.191 to 143.265, RSMo, and related provisions.

135.327. **1.** Any person residing in this state who legally adopts a special needs child on or after January 1, 1988, **and before January 1, 2000**, shall be eligible to receive a tax credit of up to ten thousand dollars for nonrecurring adoption expenses for each child adopted that may be applied to taxes due under chapter 143, RSMo. Any business entity providing funds to an employee to enable that employee to legally adopt a special needs child shall be eligible to receive a tax credit of up to ten thousand dollars for nonrecurring adoption expenses for each child adopted that may be applied to taxes due under such business entity's state tax liability, except that only one ten thousand dollar credit is available for each special needs child that is adopted.

2. Any person residing in this state who proceeds in good faith with the adoption of a special needs child on or after January 1, 2000, shall be eligible to receive a tax credit of up to ten thousand dollars for nonrecurring adoption expenses for each child that may be applied to taxes due under chapter 143, RSMo. Any business entity providing funds to an employee to enable that employee to proceed in good faith with the adoption of a special needs child shall be eligible to receive a tax credit of up to ten thousand dollars for nonrecurring adoption expenses for each child that may be applied to taxes due under such business entity's state tax liability, except that only one ten thousand dollar credit is available for each special needs child that is adopted.

3. Individuals and business entities may claim a tax credit for their total nonrecurring adoption expenses in each year that the expenses are incurred. A claim for fifty percent of the credit shall be allowed when the child is placed in the home. A

claim for the remaining fifty percent shall be allowed when the adoption is final. The total of these tax credits shall not exceed the maximum limit of ten thousand dollars per child. The cumulative amount of tax credits which may be claimed by taxpayers for nonrecurring adoption expenses in any one fiscal year shall not exceed two million dollars.

4. Notwithstanding any provision of law to the contrary, any individual or business entity may assign tax credits allowed in this section to the not for profit organization involved in the adoption proceedings.

135.333. **1.** Any amount of tax credit which exceeds the tax due shall not be refunded but may be carried over to any subsequent taxable year, not to exceed a total of five years for which a tax credit may be taken for each child adopted.

2. Tax credits that are assigned to not for profit organizations as allowed in section 135.326 may be assigned in their entirety notwithstanding the taxpayer's tax due.

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