

103^D CONGRESS
2^D SESSION

S. 2165

To amend the Internal Revenue Code of 1986 to allow a deduction for qualified adoption expenses, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 8 (legislative day, JUNE 7), 1994

Mr. RIEGLE (for himself, Mr. JEFFORDS, Mr. HATCH, Mr. STEVENS, and Mr. COCHRAN) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to allow a deduction for qualified adoption expenses, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Fairness for Adopting
5 Families Act”.

6 **SEC. 2. DEDUCTION FOR ADOPTION EXPENSES.**

7 (a) DEDUCTION FOR ADOPTION EXPENSES.—

8 (1) IN GENERAL.—Part VII of subchapter B of
9 chapter 1 of the Internal Revenue Code of 1986 (re-

1 lating to additional itemized deductions for individ-
2 uals) is amended by redesignating section 220 as
3 section 221 and by inserting after section 219 the
4 following new section:

5 **“SEC. 220. ADOPTION EXPENSES.**

6 “(a) ALLOWANCE OF DEDUCTION.—In the case of an
7 individual, there shall be allowed as a deduction for the
8 taxable year the amount of the qualified adoption expenses
9 paid or incurred by the taxpayer during such taxable year.

10 “(b) LIMITATIONS.—

11 “(1) DOLLAR LIMITATION.—The aggregate
12 amount allowable as a deduction under subsection
13 (a) for all taxable years with respect to the legal
14 adoption of any single child by the taxpayer shall
15 not exceed \$5,000 (\$7,000, in the case of an inter-
16 national adoption).

17 “(2) INCOME LIMITATION.—The amount allow-
18 able as a deduction under subsection (a) for any tax-
19 able year shall be reduced (but not below zero) by
20 an amount which bears the same ratio to the
21 amount so allowable (determined without regard to
22 this paragraph but with regard to paragraph (1))
23 as—

24 “(A) the amount (if any) by which the tax-
25 payer’s taxable income (determined without re-

1 gard to this section and section 137) exceeds
2 \$60,000, bears to

3 “(B) \$10,000.

4 “(3) DENIAL OF DOUBLE BENEFIT.—

5 “(A) IN GENERAL.—No deduction shall be
6 allowed under subsection (a) for any expense
7 for which a deduction or credit is allowable
8 under any other provision of this chapter.

9 “(B) GRANTS.—No deduction shall be al-
10 lowed under subsection (a) for any expenses
11 paid from any funds received under any Fed-
12 eral, State, or local program.

13 “(C) EMPLOYER PROGRAM.—No deduction
14 shall be allowed under subsection (a) for any
15 expenses paid by an employer which are exclud-
16 ible from gross income under section 137(a).

17 “(c) QUALIFIED ADOPTION EXPENSES.—For pur-
18 poses of this section:

19 “(1) IN GENERAL.—The term ‘qualified adop-
20 tion expenses’ means reasonable and necessary adop-
21 tion fees (including agency fees), court costs, attor-
22 ney fees, and other expenses which—

23 “(A) are directly related to the legal adop-
24 tion of a child by the taxpayer but only if such
25 adoption has been arranged—

1 “(i) by a State or local agency with
2 responsibility under State or local law for
3 child placement through adoption,

4 “(ii) by a non-profit, voluntary adop-
5 tion agency which is authorized by State or
6 local law to place children for adoption, or

7 “(iii) through a private placement,
8 and

9 “(B) are not incurred in violation of State
10 or Federal law.

11 “(2) ADOPTION EXPENSES NOT TO INCLUDE
12 CERTAIN AMOUNTS.—The term ‘qualified adoption
13 expenses’ shall not include any expenses in connec-
14 tion with—

15 “(A) the adoption by an individual of a
16 child who is the child of such individual’s
17 spouse, or

18 “(B) travel outside the United States, un-
19 less such travel is required—

20 “(i) as a condition of a legal adoption
21 by the country of the child’s origin,

22 “(ii) to assess the health and status of
23 the child to be adopted, or

24 “(iii) to escort the child to be adopted
25 to the United States.

1 “(3) CHILD.—The term ‘child’ means an indi-
2 vidual who at the time of adoption under this section
3 has not attained the age of 18.”.

4 (2) CLERICAL AMENDMENT.—The table of sec-
5 tions for such part VII is amended by striking the
6 item relating to section 220 and inserting the
7 following:

 “Sec. 220. Adoption expenses.

 “Sec. 221. Cross reference.”.

8 (b) DEDUCTION ALLOWED IN COMPUTING AD-
9 JUSTED GROSS INCOME.—Subsection (a) of section 62 of
10 such Code is amended by adding after paragraph (15) the
11 following new paragraph:

12 “(16) ADOPTION EXPENSES.—The deduction
13 allowed by section 220.”.

14 (c) ADOPTION ASSISTANCE PROGRAMS.—

15 (1) IN GENERAL.—Part III of subchapter B of
16 chapter 1 of such Code (relating to items specifically
17 excluded from gross income) is amended by redesignig-
18 nating section 137 as section 138 and by inserting
19 after section 136 the following new section:

20 **“SEC. 137. ADOPTION ASSISTANCE PROGRAMS.**

21 “(a) IN GENERAL.—Gross income of an employee
22 does not include amounts paid or expenses incurred by the
23 employer for qualified adoption expenses in connection
24 with the adoption of a child by an employee if such

1 amounts are furnished pursuant to an adoption assistance
2 program.

3 “(b) LIMITATIONS.—

4 “(1) DOLLAR LIMITATION.—The aggregate
5 amount excludable from gross income under sub-
6 section (a) for all taxable years with respect to the
7 legal adoption of any single child by the taxpayer
8 shall not exceed the excess (if any) of \$5,000
9 (\$7,000 in the case of an international adoption).

10 “(2) INCOME LIMITATION.—The amount ex-
11 cludable from gross income under subsection (a) for
12 any taxable year shall be reduced (but not below
13 zero) by an amount which bears the same ratio to
14 the amount so excludable (determined without re-
15 gard to this paragraph but with regard to paragraph
16 (1)) as—

17 “(A) the amount (if any) by which the tax-
18 payer’s taxable income (determined without re-
19 gard to this section and section 220) exceeds
20 \$60,000, bears to

21 “(B) \$10,000.

22 “(c) ADOPTION ASSISTANCE PROGRAM.—For pur-
23 poses of this section, an adoption assistance program is
24 a plan of an employer—

1 “(1) under which the employer provides employ-
2 ees with adoption assistance, and

3 “(2) which meets requirements similar to the
4 requirements of paragraphs (2), (3), and (5) of sec-
5 tion 127(b).

6 “(d) QUALIFIED ADOPTION EXPENSES.—For pur-
7 poses of this section, the term ‘qualified adoption ex-
8 penses’ has the meaning given such term by section
9 220(c).”.

10 (2) CLERICAL AMENDMENT.—The table of sec-
11 tions for such part III is amended by striking the
12 item relating to section 137 and inserting the
13 following:

 “Sec. 137. Adoption assistance programs.
 “Sec. 138. Cross reference to other Acts.”.

14 **SEC. 3. EFFECTIVE DATE.**

15 The amendments made by this Act shall apply to tax-
16 able years beginning after December 31, 1993.

○