

106TH CONGRESS  
2D SESSION

# S. 2456

To amend the Internal Revenue Code of 1986 to expand the adoption credit to provide assistance to adoptive parents of special needs children, and for other purposes.

---

IN THE SENATE OF THE UNITED STATES

APRIL 25, 2000

Ms. LANDRIEU 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 expand the adoption credit to provide assistance to adoptive parents of special needs children, 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. EXPANSION OF ADOPTION CREDIT.**

4 (a) SPECIAL NEEDS ADOPTION.—

5 (1) CREDIT AMOUNT.—Paragraph (1) of section  
6 23(a) of the Internal Revenue Code of 1986 (relat-  
7 ing to allowance of credit) is amended to read as fol-  
8 lows:

1           “(1) IN GENERAL.—In the case of an indi-  
2           vidual, there shall be allowed as a credit against the  
3           tax imposed by this chapter—

4                   “(A) in the case of a special needs adop-  
5                   tion, \$10,000, or

6                   “(B) in the case of any other adoption, the  
7                   amount of the qualified adoption expenses paid  
8                   or incurred by the taxpayer.”.

9           (2) YEAR CREDIT ALLOWED.—Section 23(a)(2)  
10           of such Code (relating to year credit allowed) is  
11           amended by adding at the end the following new  
12           flush sentence:

13                   “‘In the case of a special needs adoption, the credit  
14                   allowed under paragraph (1) shall be allowed for the  
15                   taxable year in which the adoption becomes final.’”.

16           (3) DOLLAR LIMITATION.—Section 23(b)(1) of  
17           such Code is amended—

18                   (A) by striking “subsection (a)” and in-  
19                   serting “subsection (a)(1)(B)”, and

20                   (B) by striking “(\$6,000, in the case of a  
21                   child with special needs)”.

22           (4) DEFINITION OF SPECIAL NEEDS ADOP-  
23           TION.—Section 23(d) of such Code (relating to defi-  
24           nitions) is amended by adding at the end the fol-  
25           lowing new paragraph:

1           “(4) SPECIAL NEEDS ADOPTION.—The term  
2           ‘special needs adoption’ means the final adoption of  
3           an individual during the taxable year who is an eligi-  
4           ble child and who is a child with special needs.”.

5           (5) DEFINITION OF CHILD WITH SPECIAL  
6           NEEDS.—Section 23(d)(3) of such Code (defining  
7           child with special needs) is amended to read as fol-  
8           lows:

9           “(3) CHILD WITH SPECIAL NEEDS.—The term  
10          ‘child with special needs’ means any child if a State  
11          has determined that the child’s ethnic background,  
12          age, membership in a minority or sibling groups,  
13          medical condition or physical impairment, or emo-  
14          tional handicap makes some form of adoption assist-  
15          ance necessary.”.

16          (b) INCREASE IN INCOME LIMITATIONS.—Section  
17          23(b)(2) of the Internal Revenue Code of 1986 (relating  
18          to income limitation) is amended—

19                 (1) in subparagraph (A)—

20                         (A) by striking “\$75,000” and inserting  
21                         “\$63,550 (\$105,950 in the case of a joint re-  
22                         turn)”, and

23                         (B) by striking “\$40,000” and inserting  
24                         “the applicable amount”, and

1           (2) by adding at the end the following new sub-  
2 paragraph:

3           “(C) APPLICABLE AMOUNT.—For purposes  
4 of subparagraph (A), the applicable amount,  
5 with respect to any taxpayer, for the taxable  
6 year shall be an amount equal to the excess  
7 of—

8           “(i) the maximum taxable income  
9 amount for the 31 percent bracket under  
10 the table contained in section 1 relating to  
11 such taxpayer and in effect for the taxable  
12 year, over

13           “(ii) the dollar amount in effect with  
14 respect to the taxpayer for the taxable year  
15 under subparagraph (A)(i).

16           “(D) COST-OF-LIVING ADJUSTMENT.—

17           “(i) IN GENERAL.—In the case of a  
18 taxable year beginning after 2001, each  
19 dollar amount under subparagraph (A)(i)  
20 shall be increased by an amount equal to—

21           “(I) such dollar amount, multi-  
22 plied by

23           “(II) the cost-of-living adjust-  
24 ment determined under section  
25 1(f)(3) for the calendar year in which

1 the taxable year begins, determined by  
2 substituting ‘calendar year 2000’ for  
3 ‘calendar year 1992’ in subparagraph  
4 (B) thereof.

5 “(ii) ROUNDING RULES.—If any  
6 amount after adjustment under clause (i)  
7 is not a multiple of \$1,000, such amount  
8 shall be rounded to the next lower multiple  
9 of \$1,000.”.

10 (c) ADOPTION CREDIT MADE PERMANENT.—Sub-  
11 clauses (A) and (B) of section 23(d)(2) of the Internal  
12 Revenue Code of 1986 (defining eligible child) are amend-  
13 ed to read as follows:

14 “(A) who has not attained age 18, or

15 “(B) who is physically or mentally incapa-  
16 ble of caring for himself.”.

17 (d) CONFORMING AMENDMENTS.—

18 (1) Section 23(a)(2) of the Internal Revenue  
19 Code of 1986 is amended by striking “(1)” and in-  
20 serting “(1)(B)”.

21 (2) Section 23(b)(3) of such Code is amended  
22 by striking “(a)” each place it appears and inserting  
23 “(a)(1)(B)”.

1           (e) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2000.

○