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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 2544 Session of  
2018

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INTRODUCED BY TOOHL, BERNSTINE, CALTAGIRONE, COOK, CRUZ, DALEY,  
DIGIROLAMO, GILLEN, KINSEY, MACKENZIE, MARSICO, MURT, NESBIT,  
PICKETT, RYAN, SCHWEYER, SIMMONS, SIMS, STEPHENS, WARD,  
WHEELAND, ZIMMERMAN AND HICKERNELL, JULY 3, 2018

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REFERRED TO COMMITTEE ON FINANCE, JULY 3, 2018

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AN ACT

1 Amending the act of March 4, 1971 (P.L.6, No.2), entitled "An  
2 act relating to tax reform and State taxation by codifying  
3 and enumerating certain subjects of taxation and imposing  
4 taxes thereon; providing procedures for the payment,  
5 collection, administration and enforcement thereof; providing  
6 for tax credits in certain cases; conferring powers and  
7 imposing duties upon the Department of Revenue, certain  
8 employers, fiduciaries, individuals, persons, corporations  
9 and other entities; prescribing crimes, offenses and  
10 penalties," providing for adoption and foster care tax  
11 credit.

12 The General Assembly of the Commonwealth of Pennsylvania  
13 hereby enacts as follows:

14 Section 1. The act of March 4, 1971 (P.L.6, No.2), known as  
15 the Tax Reform Code of 1971, is amended by adding an article to  
16 read:

17 ARTICLE XVIII-H

18 ADOPTION AND FOSTER CARE TAX CREDIT

19 Section 1801-H. Definitions.

20 The following words and phrases when used in this article  
21 shall have the meanings given to them in this section unless the

1 context clearly indicates otherwise:

2 "Adoption and foster care tax credits." Tax credits for  
3 which the department has issued a certificate under this  
4 article.

5 "County agency." The county children and youth social  
6 service agency exercising the powers and duties provided for  
7 under section 405 of the act of June 24, 1937 (P.L.2017,  
8 No.396), known as the County Institution District Law, or its  
9 successor, and supervised by the Department of Human Services  
10 under Article IX of the act of June 13, 1967 (P.L.31, No.21),  
11 known as the Human Services Code.

12 "Department." The Department of Revenue of the Commonwealth.

13 "Foster child." Either of the following:

14 (1) A child who:

15 (i) is the care and responsibility of the  
16 Commonwealth; and

17 (ii) placed in foster care, as defined in 45 CFR  
18 1355.20 (relating to definitions), pursuant to 42 Pa.C.S.  
19 § 6351 (relating to disposition of dependent child) or  
20 6352 (relating to disposition of delinquent child).

21 (2) A child placed pursuant to a voluntary placement  
22 agreement under 55 Pa. Code § 3130.65 (relating to voluntary  
23 placement agreement).

24 "Foster family care agency." A public or private agency that  
25 recruits, approves, supervises and places children with foster  
26 families.

27 "Foster parent." An individual approved by a foster family  
28 care agency to provide foster family care services to a foster  
29 child.

30 "Taxpayer." A foster parent or adoptive parent claiming a

1 tax credit under this article.

2 Section 1802-H. Adoption and Foster Care Tax Credit Program.

3 (a) Establishment.--The Adoption and Foster Care Tax Credit  
4 Program is established to encourage the adoption of children and  
5 the placement of a foster child with foster parents.

6 (b) Maximum amount.--

7 (1) A taxpayer may claim a tax credit of \$500 per foster  
8 child placement in the tax year that the foster child first  
9 qualifies as a dependent on the taxpayer's Federal tax  
10 return.

11 (2) A taxpayer may claim a tax credit of \$1,000 for an  
12 adopted child in the same tax year that the taxpayer  
13 qualifies for the Federal adoption tax credit.

14 Section 1803-H. Application process.

15 (a) Application.--A taxpayer shall complete and submit the  
16 following:

17 (1) An application for a tax credit authorized under  
18 this article.

19 (2) Any other supporting information required by the  
20 department, including approval by a foster family care agency  
21 to provide foster family care services to a foster child.

22 (b) Procedure.--The department shall consult with the  
23 Department of Human Services and the county agency as necessary  
24 to determine whether the taxpayer meets the requirements for the  
25 tax credit.

26 (c) Notification.--The department shall notify the taxpayer  
27 whether the taxpayer meets the requirements under this article  
28 for the tax credit no later than 60 days after the taxpayer has  
29 submitted the application required under this section.

30 Section 1804-H. Tax credits.

1 (a) Applicable taxes.--A taxpayer may apply the tax credit  
2 awarded under this article to taxes imposed under Article III.

3 (b) Availability.--Each fiscal year, \$10,000,000 in tax  
4 credits shall be made available to the department and may be  
5 awarded by the department in accordance with this article.

6 Section 1805-H. Carryover, carryback and refund.

7 (a) General rule.--If a taxpayer cannot use the entire  
8 amount of the tax credit for the taxable year in which the tax  
9 credit is first approved, the excess may be carried over to  
10 succeeding taxable years and used as a credit against the tax  
11 liability of the taxpayer for those taxable years. Each time the  
12 tax credit is carried over to a succeeding taxable year, the tax  
13 credit shall be reduced by the amount that was used as a credit  
14 during the immediately preceding taxable year. The tax credit  
15 provided under this article may be carried over and applied to  
16 succeeding taxable years for five taxable years following the  
17 first taxable year the taxpayer was entitled to claim the  
18 credit.

19 (b) Application.--A tax credit certificate received by the  
20 department in a taxable year shall first be applied against the  
21 taxpayer's tax liability for the current taxable year as of the  
22 date on which the credit was issued before the tax credit can be  
23 applied against any tax liability under subsection (a).

24 (c) No carryback or refund.--A taxpayer may not carry back  
25 or obtain a refund of all or any portion of an unused tax credit  
26 granted to the taxpayer under this article.

27 Section 1806-H. Report to General Assembly.

28 The Secretary of Revenue shall submit an annual report to the  
29 General Assembly indicating the effectiveness of the credits  
30 provided under this article no later than March 15 following the

1 year in which the credits were approved. The report shall  
2 include the amount of credits approved. Notwithstanding any law  
3 providing for the confidentiality of tax records, the  
4 information contained in the report shall be public information.  
5 The report may also include any recommendations for changes in  
6 the calculation or administration of the credit.

7 Section 2. This act shall take effect in 60 days.