
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 296 Session of
2019

INTRODUCED BY TOOHL, RYAN, KAUFFMAN, STEPHENS, BERNSTINE,
SIMMONS, KAUFER, SIMS, ZIMMERMAN, PICKETT, McCLINTON,
STRUZZI, KINSEY, HERSHEY, DiGIROLAMO, MURT, NESBIT, CRUZ,
WHITE, EVERETT, RABB, MIZGORSKI, BROWN, LEWIS, HICKERNELL,
BURGOS, KENYATTA, WHEATLEY, JONES, A. DAVIS, T. DAVIS AND
RAPP, JANUARY 30, 2019

REFERRED TO COMMITTEE ON FINANCE, JANUARY 30, 2019

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

1 shall have the meanings given to them in this section unless the
2 context clearly indicates otherwise:

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

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

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

14 "Foster child." Either of the following:

15 (1) A child:

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

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

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

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

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

1 "Taxpayer." A foster parent or adoptive parent claiming a
2 tax credit under this article.

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

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

7 (b) Maximum amount.--

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

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

15 Section 1803-H. Application process.

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

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

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

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

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

1 Section 1804-H. Tax credits.

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

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

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

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

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