
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 445 Session of
2019

INTRODUCED BY BAKER, BREWSTER, TARTAGLIONE, COSTA, J. WARD AND
K. WARD, MARCH 19, 2019

REFERRED TO FINANCE, MARCH 19, 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
21 shall have the meanings given to them in this section unless the
22 context clearly indicates otherwise:

1 "Adoption and foster care tax credit" or "tax credit." A tax
2 credit for which the department has issued a certificate under
3 this article.

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

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

12 "Foster child." Either of the following:

13 (1) A child:

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

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

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

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

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

29 "Taxpayer." A foster parent or adoptive parent claiming a
30 tax credit under this article.

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

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

5 (b) Maximum amount.--

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

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

13 Section 1803-H. Application process.

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

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

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

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

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

29 Section 1804-H. Tax credits.

30 (a) Applicable taxes.--A taxpayer may apply the tax credit

1 awarded under this article to taxes imposed under Article III.

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

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

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

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

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

25 Section 1806-H. Report to General Assembly.

26 The Secretary of Revenue shall submit an annual report to the
27 General Assembly indicating the effectiveness of the tax credits
28 provided under this article no later than March 15 following the
29 year in which the credits were approved. The report shall
30 include the amount of credits approved. Notwithstanding any law

1 providing for the confidentiality of tax records, the
2 information contained in the report shall be public information.
3 The report may also include recommendations for changes in the
4 calculation or administration of the credit.

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