



BOB CASEY

FIGHTING for PENNSYLVANIA FAMILIES

The Adoption Tax Credit Refundability Act of 2023 – S.xxx

U.S. Senator Bob Casey and Senator Kevin Cramer

According to the Department of Health and Human Services (HHS), one-third of all adopted children live in families with annual household income at or below 200 percent of the poverty level and nearly 46 percent of families adopting from foster care are at or below 200 percent of the federal poverty level. Many of these families' tax burdens are so low that they cannot benefit from the adoption tax credit at all unless it is refundable. Data from 2011 indicate that nearly 62 percent of families who filed for the adoption tax credit benefited from refundability.

The COVID-19 pandemic has had a detrimental effect on families' ability to adopt children. According to HHS, the number of adoptions dropped by 12.6 percent from 2019-2020, after years of steady growth since 2011. The average time in foster care also increased from 19.6 months to 21 months.

Adoption Tax Credit Refundability Act

While American Taxpayer Relief Act made the adoption tax credit permanent in January 2013, it did not extend the refundability provisions that applied to the credit in 2010 and 2011. The Adoption Tax Credit Refundability Act would restore the refundable portion of this critical support for families wishing to adopt.

This bill would make the preexisting Adoption Tax Credit refundable, making thousands of adopting families newly eligible for the full credit and helping more families afford the costs of adopting a child. This would help families—especially low and moderate income families—recoup the thousands they incur in court and attorney's fees, traveling expenses, and adoption fees.

In recognition of the importance of this change, the U.S. Department of the Treasury included the policy in its FY23 and FY24 Greenbook. Treasury scores this provision at \$14 b over 10 years.

Cosponsors

Brown, Capito, Duckworth, Feinstein, Hawley, Hyde-Smith, Kelly, Klobuchar, Lankford, Lujan, Risch, Rounds, Rubio, Scott, Stabenow, Van Hollen, Warner, Warren, Whitehouse, Wicker, Wyden