

109<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1561

To amend the Internal Revenue Code of 1986 to expand the incentives for adoption and to amend part E of title IV of the Social Security Act to increase adoptive incentive payments.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 12, 2005

Mr. FORD introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to expand the incentives for adoption and to amend part E of title IV of the Social Security Act to increase adoptive incentive payments.

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. SHORT TITLE.**

4       This Act may be cited as the “Childhood Adoption  
5       Act of 2005”.

1 **SEC. 2. INCREASE IN ALLOWABLE EXPENSES FOR ADOPT-**  
2 **ION; ADOPTION CREDIT MADE REFUND-**  
3 **ABLE.**

4 (a) INCREASE IN DOLLAR LIMITATION.—

5 (1) ADOPTION CREDIT.—

6 (A) IN GENERAL.—Paragraph (1) of sec-  
7 tion 23(b) of the Internal Revenue Code of  
8 1986 (relating to dollar limitation) is amended  
9 by striking “\$10,000” and inserting “\$15,000”.

10 (B) CHILD WITH SPECIAL NEEDS.—Para-  
11 graph (3) of section 23(a) of such Code (relat-  
12 ing to \$10,000 credit for adoption of child with  
13 special needs regardless of expenses) is amend-  
14 ed—

15 (i) in the text by striking “\$10,000”  
16 and inserting “\$15,000”, and

17 (ii) in the heading by striking  
18 “\$10,000” and inserting “\$15,000”.

19 (C) CONFORMING AMENDMENT TO INFLA-  
20 TION ADJUSTMENT.—Subsection (h) of section  
21 23 of such Code (relating to adjustments for in-  
22 flation) is amended to read as follows:

23 “(h) ADJUSTMENTS FOR INFLATION.—

24 “(1) DOLLAR LIMITATIONS.—In the case of a  
25 taxable year beginning after December 31, 2005,

1 each of the dollar amounts in subsections (a)(3) and  
2 (b)(1) shall be increased by an amount equal to—

3 “(A) such dollar amount, multiplied by  
4 “(B) the cost-of-living adjustment deter-  
5 mined under section 1(f)(3) for the calendar  
6 year in which the taxable year begins, deter-  
7 mined by substituting ‘calendar year 2004’ for  
8 ‘calendar year 1992’ in subparagraph (B)  
9 thereof.

10 If any amount as increased under the preceding sen-  
11 tence is not a multiple of \$10, such amount shall be  
12 rounded to the nearest multiple of \$10.

13 “(2) INCOME LIMITATION.—In the case of a  
14 taxable year beginning after December 31, 2002, the  
15 dollar amount in subsection (b)(2)(A)(i) shall be in-  
16 creased by an amount equal to—

17 “(A) such dollar amount, multiplied by  
18 “(B) the cost-of-living adjustment deter-  
19 mined under section 1(f)(3) for the calendar  
20 year in which the taxable year begins, deter-  
21 mined by substituting ‘calendar year 2001’ for  
22 ‘calendar year 1992’ in subparagraph (B)  
23 thereof.

1 If any amount as increased under the preceding sen-  
2 tence is not a multiple of \$10, such amount shall be  
3 rounded to the nearest multiple of \$10.”.

4 (2) ADOPTION ASSISTANCE PROGRAMS.—

5 (A) IN GENERAL.—Paragraph (1) of sec-  
6 tion 137(b) of the Internal Revenue Code of  
7 1986 (relating to dollar limitation) is amended  
8 by striking “\$10,000” and inserting “\$15,000”.

9 (B) CHILD WITH SPECIAL NEEDS.—Para-  
10 graph (2) of section 137(a) of such Code (relat-  
11 ing to \$10,000 exclusion for adoption of child  
12 with special needs regardless of expenses) is  
13 amended—

14 (i) in the text by striking “\$10,000”  
15 and inserting “\$15,000”, and

16 (ii) in the heading by striking  
17 “\$10,000” and inserting “\$15,000”.

18 (C) CONFORMING AMENDMENT TO INFLA-  
19 TION ADJUSTMENT.—Subsection (f) of section  
20 137 of such Code (relating to adjustments for  
21 inflation) is amended to read as follows:

22 “(f) ADJUSTMENTS FOR INFLATION.—

23 “(1) DOLLAR LIMITATIONS.—In the case of a  
24 taxable year beginning after December 31, 2005,

1 each of the dollar amounts in subsections (a)(2) and  
2 (b)(1) shall be increased by an amount equal to—

3 “(A) such dollar amount, multiplied by

4 “(B) the cost-of-living adjustment deter-  
5 mined under section 1(f)(3) for the calendar  
6 year in which the taxable year begins, deter-  
7 mined by substituting ‘calendar year 2004’ for  
8 ‘calendar year 1992’ in subparagraph (B)  
9 thereof.

10 If any amount as increased under the preceding sen-  
11 tence is not a multiple of \$10, such amount shall be  
12 rounded to the nearest multiple of \$10.

13 “(2) INCOME LIMITATION.—In the case of a  
14 taxable year beginning after December 31, 2002, the  
15 dollar amount in subsection (b)(2)(A)(i) shall be in-  
16 creased by an amount equal to—

17 “(A) such dollar amount, multiplied by

18 “(B) the cost-of-living adjustment deter-  
19 mined under section 1(f)(3) for the calendar  
20 year in which the taxable year begins, deter-  
21 mined by substituting ‘calendar year 2001’ for  
22 ‘calendar year 1992’ in subparagraph (B)  
23 thereof.

1 If any amount as increased under the preceding sen-  
2 tence is not a multiple of \$10, such amount shall be  
3 rounded to the nearest multiple of \$10.”.

4 (b) CREDIT MADE REFUNDABLE.—

5 (1) CREDIT MOVED TO SUBPART RELATING TO  
6 REFUNDABLE CREDITS.—The Internal Revenue  
7 Code of 1986 is amended—

8 (A) by redesignating section 36 as section  
9 37,

10 (B) by redesignating section 23, as amend-  
11 ed by subsection (a), as section 36, and

12 (C) by moving section 36 (as so redesign-  
13 ated) from subpart A of part IV of subchapter  
14 A of chapter 1 to the location immediately be-  
15 fore section 37 (as so redesignated) in subpart  
16 C of part IV of subchapter A of chapter 1.

17 (2) CONFORMING AMENDMENTS.—

18 (A) Section 24(b)(3)(B) of such Code is  
19 amended by striking “and sections 23” and in-  
20 serting “section”.

21 (B) Section 25(e)(1)(C) of such Code is  
22 amended by striking “23,”.

23 (C) Section 25B(g)(2) of such Code is  
24 amended by striking “and section 23”.

1 (D) Section 137 of such Code is amend-  
2 ed—

3 (i) in subsection (d) by striking “sec-  
4 tion 23(d)” and inserting “section 36(d)”,  
5 and

6 (ii) in subsection (e) by striking “sec-  
7 tion 23” and inserting “section 36”.

8 (E) Section 1400C(d) of such Code is  
9 amended by striking “23, 24,” and inserting  
10 “24”.

11 (F) The table of sections for subpart A of  
12 part IV of subchapter A of chapter 1 of such  
13 Code of 1986 is amended by striking the item  
14 relating to section 23.

15 (G) Paragraph (2) of section 1324(b) of  
16 title 31, United States Code, is amended by in-  
17 serting “or 36” after “section 35”.

18 (H) The table of sections for subpart C of  
19 part IV of subchapter A of chapter 1 of the In-  
20 ternal Revenue Code of 1986 is amended by  
21 striking the last item and inserting the fol-  
22 lowing new items:

“Sec. 36. Adoption expenses.

“Sec. 37. Overpayments of tax.”.

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 December 31, 2004.

4 **SEC. 3. INCREASE IN ADOPTION INCENTIVE PAYMENTS.**

5 (a) IN GENERAL.—Section 473A(d)(1) of the Social  
6 Security Act (42 U.S.C. 673a(d)(1)) is amended—

7 (1) in subparagraph (A), by striking “\$4,000”  
8 and inserting “\$8,000”;

9 (2) in subparagraph (B), by striking “\$2,000”  
10 and inserting “\$8,000”; and

11 (3) in subparagraph (C), by striking “\$4,000”  
12 and inserting “\$8,000”.

13 (b) INCREASED PROGRAM FUNDING.—Section  
14 473A(h)(1) of such Act (42 U.S.C. 673a(h)(1)) is amend-  
15 ed—

16 (1) in subparagraph (C), by striking “and”;

17 (2) in subparagraph (D), by striking “through  
18 2008.” and inserting “and 2005; and”; and

19 (3) by adding at the end the following:

20 “(E) \$86,000,000 for each of fiscal years  
21 2006 through 2008.”.

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