



1995 ASSEMBLY BILL 78

January 30, 1995 - Introduced by Representatives ALBERS, WARD, HANDRICK, OTTE, HASENOHRL, BALDUS, SILBAUGH, BLACK, LEHMAN, FREESE, ZIEGELBAUER, GOETSCH, GARD, GRONEMUS, LADWIG, MUSSER, NASS, HAHN, UNDERHEIM, BRANDEMUEHL, OWENS, WIRCH, ROBSON, GROTHMAN, PLACHE, OURADA, WALKER, SPRINGER, WOOD, KREIBICH, AINSWORTH, OTT, SERATTI, PLOMBON, VANDER LOOP, VRAKAS, DUFF, GREEN, LAZICH, FOTI, JENSEN, KLUSMAN and LORGE, cosponsored by Senators ZIEN, SCHULTZ, ANDREA, DRZEWIECKI, LEEAN, FARROW, WEEDEN, BRESKE, C. POTTER, PANZER and FITZGERALD. Referred to Committee on Ways and Means.

- 1 **AN ACT to create** 71.07 (7m) and 71.10 (4) (dp) of the statutes; **relating to:** a
2 nonrefundable individual income tax credit for adoption expenses.
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Analysis by the Legislative Reference Bureau

This bill creates an income tax credit for individuals for certain expenses incurred relating to the adoption of a child. The credit is equal to 10% of adoption expenses that exceed 20% of Wisconsin adjusted gross income. The maximum eligible amount of expenses is \$20,000 and the maximum credit is \$800.

The credit is nonrefundable. If the amount of the credit exceeds a taxpayer's tax liability, no refund will be issued.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

- 3 **SECTION 1.** 71.07 (7m) of the statutes is created to read:
4 71.07 (**7m**) ADOPTION EXPENSES CREDIT. (a) *Definitions.* In this subsection:
5 1. "Adoption expenses" means any amount expended by a claimant for adoption
6 fees, court costs or legal fees relating to the adoption of a child, whether or not the
7 adoption process is completed.
8 2. "Claimant" means an adoptive parent or a prospective adoptive parent.

1 3. "Household" means a claimant and an individual related to the claimant as
2 husband or wife.

3 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
4 claimant may claim as a credit against Wisconsin income taxes otherwise due, up to
5 the amount of those taxes, an amount equal to 10% of the adoption expenses incurred
6 by the claimant that exceed 20% of his or her Wisconsin adjusted gross income.

7 (c) *Limitations.* 1. The maximum credit that may be claimed under this
8 subsection by a claimant is \$800 for each adoption process.

9 2. No credit may be allowed under this subsection unless it is claimed within
10 the time period under s. 71.75 (2).

11 3. The maximum amount of adoption expenses for each adoption process for
12 which a credit is claimed under this subsection is \$20,000.

13 4. Part-year residents and nonresidents of this state are not eligible for the
14 credit under this subsection.

15 5. Except as provided in subd. 6., only one credit per household is allowed each
16 year.

17 6. If a married couple files separately, each spouse may claim a maximum credit
18 of 50% of the amount allowed under subd. 1., except that this limitation does not
19 apply to married persons living apart who are treated as single under section 7703
20 (b) of the internal revenue code.

21 (d) *Administration.* The department of revenue may enforce the credit under
22 this subsection and may take any action, conduct any proceeding and proceed as it
23 is authorized in respect to taxes under this chapter. The income tax provisions in this
24 chapter relating to assessments, refunds, appeals, collection, interest and penalties
25 apply to the credit under this subsection.

