

**BILL SUMMARY**  
2<sup>nd</sup> Session of the 58<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB 3088</b>
<b>Version:</b>	<b>FULLPCS1</b>
<b>Request Number:</b>	<b>10525</b>
<b>Author:</b>	<b>Rep. Hilbert</b>
<b>Date:</b>	<b>2/22/2022</b>
<b>Impact:</b>	<b>Tax Commission:</b>
	<b>Revenue Decrease</b>
	<b>Tax Year 2023</b>
	<b>(\$2,200,000)</b>

**Research Analysis**

The proposed committee substitute for HB3088 creates an income tax credit for up to 10 percent of nonrecurring adoption expenses incurred by an Oklahoma taxpayer in connection with an adoption or proposed adoption of a minor. The credit may be claimed beginning tax year 2023 and is limited to \$2000 per year for single filers or \$4000 per year for joint filers.

The measure also eliminates the existing income tax deduction for eligible nonrecurring adoption expenses effective tax year 2022.

Prepared By: Quyen Do

**Fiscal Analysis**

Analysis provided by the Tax Commission:

For tax year 2019, 636 taxpayers, including 123 taxpayers with a single or married filing separate status and 513 taxpayers with a married filing joint status, claimed the existing annual income tax deduction for nonrecurring adoption expenses for a total deduction amount of approximately \$4.1 million, Internet research indicates the total average cost to adopt a child in the U.S. is \$41 ,532. 1 Based on this information, the potential revenue impact of the proposal is an estimated net decrease<sup>2</sup> in income tax revenue of approximately \$2.2 million for tax year 2023, The full impact would occur in FY 24 when the 2023 income tax returns are filed.

I See <https://helpinagrowfamilies.com/oklahoma-adoption-requirements-complete-guide>

<sup>2</sup> Applying an effective income tax rate of 3.05% to the total deduction results in a related decrease in income tax revenue of approximately \$144,000. The combined increase of \$144,000 for the elimination of the deduction for adoptions expenses and the estimated decrease of \$2.3 million for the proposed adoption income tax credit results in an estimated net decrease of \$2.2 million.

Prepared By: Mark Tygret

**Other Considerations**

None.

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