

Kansas Department of

Social and Rehabilitation Services

Gary J. Daniels, Secretary

House Taxation Committee

March 9, 2006

SB 465 - Adoption Tax Credits

Integrated Service Delivery

Gary J. Daniels, Secretary

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Chairman Wilk and members of the committee, thank you for the opportunity to support SB 465 regarding Adoption Tax Credits.

Currently adoptive parents receive a federal tax credit (\$10,630 max.) and may claim 25 percent of that credit for state tax relief. SB 465 will retain this current benefit but, when the adopted child is a Kansas resident the state tax relief is 50 percent of the federal tax credit. If the child is a Kansas resident between the ages of 8 to 17 and with special needs, the adoptive parent may claim 75 percent of the federal tax credit. The child must be a Kansas resident prior to adoption.

SB 465 acknowledges the challenges inherent in adopting older children, sibling groups, children with disabilities or other special needs. Many children adopted from the custody of the Secretary of SRS will qualify for the most expansive tax credit contained in this bill and, knowing these children and families, we support providing them all available benefits. In SFY 2005, 623 children were adopted from foster care; 492 of these children were defined as having special needs and 267 children were between the ages of 8-17.

The net savings to the foster care program for each child adopted is estimated to be \$866 per child, per month. It is unknown how many adoptions, if any, would result from this increased tax benefit.

The decision to adopt is not driven by financial considerations but rather a desire to help a child in need or a desire to raise a family. Adoptive parents, like all parents, must consider their ability to meet the financial obligations of parenthood. Adoption tax credits honor the choice to bring a child into a family through adoption. SB 465 recognizes and honors the benefits for all of us when a Kansas child is adopted.

While we don't know if the tax credit will increase the number of adoptions or reduce the length of time children available for adoption wait for families, supporting and honoring adoptive parents who choose children in need of permanent homes is the right thing to do.

Thank you for the opportunity to support passage of SB 465 through this written testimony.