



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: [H.B. 307 of the 130th G.A.](#)

Date: November 19, 2013

Status: As Introduced

Sponsor: Reps. Buchy and Pelanda

Local Impact Statement Procedure Required: Yes

Contents: Modifies adoption laws

State Fiscal Highlights

- The bill increases the amount a taxpayer can claim as a nonrefundable credit against their tax if the taxpayer adopted a minor child during the taxable year from \$1,500 to \$10,000 per child adopted. The General Revenue Fund (GRF) revenue loss in fiscal year (FY) 2014 would be between \$3 million and \$4 million, and the GRF revenue loss in FY 2015 would be between \$6 million and \$9 million.

Local Fiscal Highlights

- The bill increases the amount a taxpayer can claim as a nonrefundable credit against their tax if the taxpayer adopted a minor child during the taxable year from \$1,500 to \$10,000 per child adopted. Increasing the nonrefundable tax credit will reduce the Local Government Fund (LGF) and Public Library Fund (PLF) by approximately \$50,000 in tax year (TY) 2014 for a combined total of \$100,000 in that year. The combined LGF and PLF revenue losses would be between \$200,000 and \$300,000 in TY 2015, and the amounts would increase in future years as Ohio taxable income grows.

Detailed Fiscal Analysis

Credit for adoption-related expenses

Ohio taxpayers can claim a nonrefundable credit against their tax if the taxpayer adopted a minor child (under 18 years of age) during the taxable year. The amount of the credit is \$1,500 per child adopted, and this is a one-time credit per child. Any unused amounts can be carried forward for up to two years. The adoption must be final and recognizable under Ohio law in the year for which the taxpayer first claims the credit.¹

The Tax Expenditure Report, prepared by the Ohio Department of Taxation and submitted as a supplement to the Governor's biennial budget, estimates that this tax credit reduces General Revenue Fund (GRF) revenues by \$2 million per year. If the amount of the credit is increased by \$8,500 to \$10,000 per child adopted, the tax expenditure may increase by an amount up to \$11.5 million for a given year, but the revenue loss for a given year would potentially be spread over six taxable years. The GRF revenue loss in fiscal year (FY) 2014 would be between \$3 million and \$4 million, and the GRF revenue loss in FY 2015 would be between \$6 million and \$9 million.

In addition, the personal income tax is a GRF tax, and the Local Government Fund (LGF) and Public Library Fund (PLF) each receive 1.66% of GRF receipts. Increasing the nonrefundable tax credit will reduce the LGF and PLF by approximately \$50,000 in tax year (TY) 2014 for a combined total of \$100,000 in that year. The combined LGF and PLF revenue losses would be between \$200,000 and \$300,000 in TY 2015, and the amounts would increase in future years as Ohio taxable income grows.

Presently, the nonrefundable credit may be carried forward for up to two years if the taxpayer cannot fully realize the credit on the tax return for the year the adoption occurs, but the bill extends the carryforward provision to five years, which makes it more likely that most taxpayers will exhaust the \$10,000 credit before it expires.

Putative father registry

The bill shortens, from 30 to 7 days, the time after the birth of a minor a putative father is able to register as a putative father to preserve the requirement for his consent to an adoption. According to the Ohio Department of Job and Family Services, this provision would have no fiscal effect regarding the putative father registry. However, according to the Ohio Judicial Conference, the provision could have the potential indirect effect of increased litigation filed on behalf of fathers, which could result in increased local court caseload and costs.

¹ The Revised Code stipulates that "legally adopt" does not include the adoption of a minor child by the child's stepparent.

Other provisions

The bill also contains other provisions that have no direct fiscal effect on the state or local subdivisions. These provisions include the following: reducing the amount of time an adoption decree can be appealed from one year to 60 days with certain exceptions; requiring a birth mother who decides, during pregnancy, to place the minor up for adoption, or an attorney or representative working on her behalf, to give written notice of the decision to each putative father whom she identifies as the minor's putative father; and requiring a putative father, within 30 days of receiving a pre-birth notice, to respond in writing by certified mail to the person that sent the notice stating whether he consents to or refuses the adoption.

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