ASSEMBLY, No. 1793

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:
Assemblyman ERIK PETERSON
District 23 (Hunterdon, Somerset and Warren)

SYNOPSIS

Permits tax credit against gross income tax for certain adoption expenses.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.

AN ACT providing a gross income tax credit for certain adoption expenses and supplementing chapter 4 of Title 54A of the New Jersey Statutes.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. a. A taxpayer or a married couple filing a joint tax return shall be entitled to claim a credit for eligible adoption expenses for a foster child who is adopted by the taxpayer or couple against the State tax otherwise due under the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1 et seq.

The tax credit shall be available annually until the child is 18 years of age, or 21 years of age if the child is receiving special educational services, or in the case of a child with a severe disability, for the life of the child.

b. For the purposes of this section: "eligible adoption expenses" include costs which were paid or incurred during the taxable year such as medical care, prescription medication, psychological or psychiatric counseling, occupational therapy or any other medical, surgical or therapeutic costs incurred for a special needs child; "foster child" means: a child placed by the Division of Youth and Family Services in the Department of Human Services with a foster parent pursuant to chapter 4C of Title 30 of the Revised Statutes; and "child with a severe disability" means a child, as certified by the Director of the Division of Developmental Disabilities or the Director of the Division of Mental Health Services in the Department of Human Services, who is eligible for placement in a group home or institutional care or who, after the age of 18, is determined to not be able to live independently and would need to remain under the care of the adoptive parent in the parent's home.

2. The Director of the Division of Taxation in the Department of the Treasury shall adopt, in accordance with the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations necessary to effectuate the provisions of this act.

3. This act shall take effect immediately and apply to taxable years beginning on or after January 1, 2008.

STATEMENT

This bill provides qualified taxpayers an adoption expense credit against their New Jersey gross income tax liability in the case of an adoption of a foster child. The tax credit will be available annually until the child is 18 years of age, or 21 years of age if the child is

receiving special educational services, or if the child has a severe disability, for the life of the child.

Eligible adoption expenses include costs such as medical care, prescription medication, psychological or psychiatric counseling, occupational therapy or any other medical, surgical or therapeutic costs incurred for a child. A "child with a severe disability" is defined as a child, as certified by the Director of the Division of Developmental Disabilities or the Director of the Division of Mental Health Services in the Department of Human Services, who is eligible for placement in a group home or institutional care or who, after the age of 18, is determined to not be able to live independently and would need to remain under the care of the adoptive parent in the parent's home.