

HOUSE  
JASON SMITH, MISSOURI,  
CHAIRMAN  
VERN BUCHANAN, FLORIDA  
ADRIAN SMITH, NEBRASKA  
RICHARD NEAL, MASSACHUSETTS  
LLOYD DOGGETT, TEXASSENATE  
RON WYDEN, OREGON,  
VICE CHAIRMAN  
DEBBIE STABENOW, MICHIGAN  
MARIA CANTWELL, WASHINGTON  
MIKE CRAPO, IDAHO  
CHUCK GRASSLEY, IOWA**Congress of the United States**JOINT COMMITTEE ON TAXATION  
502 FORD HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6453  
(202) 225-3621  
<http://www.jct.gov>ROBERT P. HARVEY  
DEPUTY CHIEF OF STAFF

November 14, 2023

Honorable Robert P. Casey, Jr.  
United States Senate  
SR-393  
Washington, D.C. 20510Honorable Kevin Cramer  
United States Senate  
SH-313  
Washington, D.C. 20510

Dear Senator Casey and Senator Cramer:

This letter is in response to your request from October 30, 2023, for a revenue estimate of S. 2895, the “Adoption Tax Credit Refundability Act of 2023,” which makes the tax credit for adoption expenses refundable.

Section 23 of the Internal Revenue Code (the “Code”) allows a credit against income tax for the amount of qualified adoption expenses paid or incurred by an individual, up to a maximum amount.<sup>1</sup> Qualified adoption expenses are reasonable and necessary adoption fees, court costs, attorney fees, and other expenses which are directly related to, and for the principal purpose of, the legal adoption of an eligible child by the taxpayer, and which are not reimbursed under an employer program or otherwise. The present law tax credit is reduced and phased out for taxpayers with incomes above prescribed amounts and is not refundable.

Your bill makes the adoption tax credit refundable.

Your bill includes several conforming amendments. One conforming amendment strikes the present law provision allowing an unused credit amount to be carried forward and allowable as a credit for up to five succeeding taxable years. Under your bill, any unused carryforward amounts accrued before the date of the bill’s enactment are allowable in the first taxable year after enactment.

---

<sup>1</sup> The maximum amount, which is indexed for inflation, generally is \$15,950 for taxable years beginning in 2023.

Congress of the United States  
JOINT COMMITTEE ON TAXATION  
Washington, DC 20515-6453

Honorable Robert P. Casey, Jr.  
Honorable Kevin Cramer  
United States Senate

Page 2

Your bill includes a provision under which the Treasury Secretary may prescribe regulations and guidance that provide a standardized third-party affidavit for purposes of verifying a legal adoption.

Your bill is effective for taxable years beginning after December 31, 2022. As requested, we have estimated the revenue effects of a permanent version of your bill and a three-year version of your bill.

Assuming an enactment date of December 31, 2023, we estimate that your bill would affect Federal fiscal year receipts as follows:

---

<b>Fiscal Years</b> [Millions of Dollars]												
<u>Option</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2024-28</u>	<u>2024-33</u>
Permanent.....	-479	-1,018	-436	-371	-378	-384	-391	-397	-404	-411	-2,682	-4,670
Sunset 12/31/25	-479	-1,018	-107	---	---	---	---	---	---	---	-1,604	-1,604

---

**NOTE:** Details may not add to total due to rounding.

I hope this information is helpful to you. If we can be of further assistance in this matter, please let me know.

Sincerely,



Thomas A. Barthold