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HOUSE BILL NO. 1962

Offered January 13, 2025

Prefiled January 6, 2025

A BILL to amend the Code of Virginia by adding in Article 3 of Chapter 3 of Title 58.1 a section numbered 58.1-339.15, relating to income tax; nonfamily adoption tax credit.

Patron—Tata

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Article 3 of Chapter 3 of Title 58.1 a section numbered 58.1-339.15 as follows:

§ 58.1-339.15. Nonfamily adoption tax credit.

A. For the purposes of this section, "nonfamily adoption" means an adoption of a child by a taxpayer who is not the father, mother, or stepparent of the child.

B. For taxable years beginning on and after January 1, 2025, but before January 1, 2030, an individual or married couple who finalize a legal nonfamily adoption shall be allowed a nonrefundable credit against the tax levied pursuant to § 58.1-320 in an amount equal to \$4,000 for the taxable year during which such adoption is finalized. Only one credit provided by this section may be claimed per adopted child.

C. The amount of the credit that may be claimed in any single taxable year shall not exceed the taxpayer's liability for taxes imposed by this chapter for that taxable year. If the amount of the credit allowed under this section exceeds the taxpayer's tax liability for the taxable year in which the nonfamily adoption occurred, the amount that exceeds the tax liability may be carried over for credit against the income taxes of the taxpayer in the next three taxable years or until the total amount of the tax credit has been taken, whichever is sooner. The aggregate amount of credits allowable under this section shall not exceed \$5 million per taxable year. Credits shall be allocated by the Department on a first-come, first-served basis.

D. The Tax Commissioner shall develop guidelines for claiming the credit provided by this section. Such guidelines shall be exempt from the provisions of the Administrative Process Act (§ 2.2-4000 et seq.).

INTRODUCED

HB1962