



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 11, 2001

H.R. 622 **Hope for Children Act**

As ordered reported by the House Committee on Ways and Means on May 9, 2001

SUMMARY

H.R. 622 would modify the tax credit allowed for adoption expenses paid by a taxpayer and the exclusion from gross income allowed for adoption expenses paid or reimbursed by an employer under an adoption assistance program. The bill would extend permanently the adoption tax credit for children other than special needs children, and increase the maximum adoption credit from \$5,000 per eligible child, or \$6,000 for a special needs child, to \$10,000 per child. The level of modified adjusted gross income (AGI) at which the credit would begin to phase out would increase from \$75,000 to \$150,000. The bill also would extend the exclusion from gross income permanently, increase the maximum exclusion to \$10,000, and increase the level of modified AGI at which the exclusion would begin to phase out from \$75,000 to \$150,000.

The Congressional Budget Office and the Joint Committee on Taxation (JCT) estimate that enacting the bill would reduce revenues by \$47 million in fiscal year 2002, by \$973 million over the 2002-2006 period, and by about \$2.6 billion over the 2002-2011 period. Because the bill would affect receipts, pay-as-you-go procedures would apply.

H.R. 622 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 622 is shown in the following table. All estimates of the revenue effects of the bill were provided by JCT.

	By Fiscal Year, in Millions of Dollars				
	2002	2003	2004	2005	2006
CHANGES IN REVENUES					
Estimated Revenues	-47	-174	-224	-254	-275

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in governmental receipts that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

	By Fiscal Year, in Millions of Dollars										
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Changes in outlays					Not applicable						
Changes in receipts	0	-47	-174	-224	-254	-275	-288	-302	-317	-332	-348

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 622 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

ESTIMATE PREPARED BY:

Erin Whitaker

ESTIMATE APPROVED BY:

G. Thomas Woodward
Assistant Director for Tax Analysis