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STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND GOVERNOR

POUCH 5 - JUNEAU 99811

February 2, 1979

The Honorable Thelma Buchholdt
Chairman
House Health, Education & Social
Service Committee
Juneau, Alaska

Re: House Bill No. 11

Dear Representative Buchholdt:

House Bill No. 11, an Act creating a net income tax deduction for child adoption expenses, was introduced in the House on January 24, 1979 and was referred to the House Health, Education & Social Services and Finance Committees.

For the consideration of the House Health, Education & Social Services Committee, I am enclosing a copy of a Fiscal Note prepared by Mr. Gary Jenkins, Director, Audit Division, Department of Revenue concerning the proposed legislation.

Sincerely,



R.D. Stevenson

cc: The Honorable Russ Meekins
Chairman
House Finance Committee

John Messenger
Deputy Commissioner
Department of Revenue

Cary Jenkins, Director
Audit Division
Department of Revenue

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 11

Title An Act creating a net income tax deduction for child adoption expenses

Requested by Health, Education & Social Services and Finance Committees Date February 1, 1979

II. FISCAL DETAIL

Agency Affected _____ Revenue _____

Program Category Affected _____ Fiscal Services _____

BRU, Program, or Subprogram(s) Affected _____ Audit Division _____

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars) None

	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars) None

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

None

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See attached memo to R. D. Stevenson dated February 1, 1979

IV. DATE February 1, 1979

PREPARED BY 
AGENCY Department of Revenue, Audit Division
PHONE 465-2320

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

STATE
of ALASKA

MEMORANDUM

TO: R. D. Stevenson
Special Assistant
Department of Revenue

DATE: February 1, 1979

FILE NO:

TELEPHONE NO:

FROM:

Gary L. Jenkins
Director
Audit Division

SUBJECT: House Bill No. 11

House Bill No. 11 would amend the State income tax statute by allowing taxpayers a deduction for the costs of child adoption. The amount of the deduction would be limited to \$3,000. The Department of Revenue supports this bill as providing a reasonable tax deduction which would help to defray the costs of adoption.

We estimate that the annual revenue effect would be approximately \$29,000. In estimating the costs of adoption which would be available for the tax deduction we have used information supplied by the Department of Health and Social Services. From that information it is estimated that the number of adoptions in the current year will be approximately 750. Of that total, approximately 70 percent are either step-parent adoptions or adoptions placed through the Department of Health and Social Services. For these adoptions the costs are relatively low and it is estimated that the average cost is about \$250 per adoption. The remainder of adoptions are made through private agencies and the costs could range from \$500 to \$4,000, depending upon the agency used.

There would not be any added fiscal impact on the department.