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50<sup>th</sup> Ohio House District

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**Sponsor Testimony: HB 206**  
**House Ways and Means Committee**

Chair Merrin, Vice Chair LaRe, Ranking Member Rogers, and members of the House Ways and Means Committee. Thank you for the opportunity to testify as a sponsor of HB 206.

Ohio's current adoption tax credit is nonrefundable, and its value equals the greater of \$1,500 or the taxpayer's actual adoption related expenses, capped at \$10,000. Any unused portion of the credit can be carried forward for up to five consecutive years.

This bill will allow a family who adopts to apply for a fully refundable adoption tax credit up to \$10,000 of the out-of-pocket cost of the adoption, provide a minimum \$5000 fully refundable adoption tax credit to any family who adopts regardless of the cost they incurred through the adoption process, and therefore help families who would otherwise be sidelined welcome children into their families permanently,

On any given day, nearly 16,000 children in Ohio are living with foster families or in other out-of-home placements, such as group homes. Foster care cost the State and Federal government approximately \$18,000 per year per child; totaling \$271 million. While the refund will have a cost associated with it, the State will save money each year by taking children out of the system.

The direct cost of the bill is estimated in a range from \$7.5 million to \$9.2 million in FY 2020 (average \$8.3 million), and from \$7.9 million to \$9.6 million in FY 2021. Some of you may think of tax credits as only giving a break to tax paying citizens and robbing the state of its share of revenue. However, if you look closely at the tax dollars Ohio currently spends on foster care, and the potential long term savings this legislation could bring to Ohio, this not only is a tax credit to the individual, it's a spending cut for the state of Ohio, freeing up funds to be used elsewhere. Also, we as a legislature need to ask ourselves, where do our priorities lie? Does a forty million dollar motion picture tax credit come before a nine million dollar adoption tax credit?

According to the National Council on Adoption, in 2014 there were an estimated 3,970 domestic adoptions in Ohio. 2,365 of these adoptions were private adoptions, 211 were related adoptions, and 1,394 were public adoptions through the foster care system. Using the \$18,000 per child per year cost, and multiplying it by the 1,394 adoptions that took place, it is reasonable to estimate the state and federal government saved \$25 million of the \$271 million it spends a year by children being brought out of the system.

There are approximately 2600 children awaiting adoption in Ohio's foster care system. If this legislation could increase adoptions out of foster care by 640 children in 2020 (this is roughly 7 children per Ohio County), our state would save \$11.5 million dollars in 2021 because these children would no longer be in foster care (based on \$18,000 per child per year in foster care cost). This would pay for the average estimated cost LSC has provided us of \$8.3 million on current adoption tax credits, and the additional \$3.2 million to cover the tax credits of the 640 children that would be adopted, which equals \$11.5 million dollars in tax credits. It would be a complete wash.

There would also be residual savings to the state and federal government, here is an example. If a 5 year-old child is adopted because of this legislation it would save Ohio \$18,000 a year for thirteen years, totaling \$234,000, times that by 640 children and the savings to the state and federal government over thirteen years would be roughly \$150,000,000.

It's worth considering the tax dollars saved when children do not have to age out of the foster care system but are adopted out. Numerous studies show if a child ages out of foster care at 18 never having a forever home they are more likely to need public assistance throughout their adult life. However, if that child is adopted and raised in a loving home they are more likely to be a productive, contributing citizen that can stand on their own two feet. This would be a huge savings of tax dollars, however data is so sparse that we cannot place a dollar amount on this.

It rightfully requires a lot of time and effort to adopt a child in Ohio. The long and arduous process will deter most from adopting a child only to receive the benefit. While someone could theoretically abuse the tax credit, realistically the threat of abuse is negligible. There are ways to abuse the system for financial gain that are far easier than this.

Please support this bill that encourages families to adopt by easing the financial burden they take on in giving a child a forever family. It's worth it.

Chair Merrin, Vice Chair LaRe, Ranking Member Rogers, and members of the House Ways and Means Committee. Thanks again for the opportunity to testify as a sponsor of HB 206. I'd be happy to answer any questions you may have