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<b>BILL/VERSION:</b>	<b>SB 286 / INTRODUCED</b>	<b>ANALYST:</b> TB
<b>AUTHORS:</b>	Sen. Jett	<b>DATE:</b> 2/10/2025
<b>TAX(ES):</b>	Income Tax	
<b>SUBJECT(S):</b>	Credit	
<b>EFFECTIVE DATE:</b>	November 1, 2025	<b>Emergency</b> <input type="checkbox"/>

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**ESTIMATED REVENUE IMPACT:**

**FY26: Potential minimal decrease in income tax collections.**

**FY27: Estimated decrease in income tax collections of \$570,000.**

**ANALYSIS:** Senate Bill 286 proposes to establish a refundable income tax credit, effective tax year 2026, for licensed attorneys who provide pro bono legal counsel to adoptive parents, resulting in adoption pursuant to 10 O.S. § 7505-6.6. The credit is equal to 50% of a reasonable and necessary fee approved by the court.

Attorney fees associated with adoptions in Oklahoma vary:

- Foster Care Adoption: DHS often provides legal services to families adopting children in their custody at no charge<sup>i</sup>.
- Private Domestic Adoptions: Attorney fees typically average around \$6,000<sup>ii</sup> for a private domestic adoption though total costs can exceed \$30,000<sup>iii</sup>.
- Intercounty Adoptions: Due to complex international legal requirements, legal fees range from \$15,000 to \$40,000<sup>iv</sup>.

The most recent foster care data indicates that in FY22, there were 1,545<sup>v</sup> public adoptions finalized in Oklahoma. While specific numbers for private and intercountry adoptions are not readily available, it is estimated that approximately 100<sup>vi</sup> private and intercountry adoptions occur per year in Oklahoma, generating approximately \$1,140,500 in attorney fees. Given that the credit applies to tax year 2026 returns filed in the following fiscal year, this would likely result in a reduction of \$570,250 ( $\$1,140,500/2$ ) in income tax revenue in FY27. Changes in withholding or estimated tax payments may occur, depending on when the adoption is finalized, resulting in a potential minimal decrease in income tax collections in FY26.

2/11/25

DATE

*Huan Gong*

DR. HUAN GONG, CHIEF TAX ECONOMIST

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*Marie Schuble*

MARIE SCHUBLE, DIVISION DIRECTOR

2/12/25

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*Joseph P. Gappa*

JOSEPH P. GAPPA, FOR THE COMMISSION

*The revenue impact provided herein is an estimate of the potential impact on the collection or apportionment of tax revenues affected by the proposed legislation. It is not intended to be an estimate of the overall fiscal impact on the state budget if the proposed legislation is enacted.*



**ADDITIONAL INFORMATION:**

This estimate does not consider that foster care adoptions, currently handled by DHS attorneys, may shift to private attorneys due to the introduction of this refundable tax credit, which could result in a further decrease in income tax collections. Additionally, the existing credit for adoption expenses (68 O.S. § 2357.601) includes attorney fees as an allowable expense incurred by an individual taxpayer in connection with an adoption. This proposed credit may increase the number of pro bono adoption attorneys which could result in a minimal decrease in the amount of adoption expense credits claimed by adoptive parents.

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<sup>i</sup> <https://oklahoma.gov/okdhs/services/adoption.html>

<sup>ii</sup> <https://roblesfamilylaw.com/blog/how-much-does-an-adoption-attorney-cost/>

<sup>iii</sup> <https://jpcannonlawfirm.com/how-much-does-it-cost-to-adopt-a-child-in-oklahoma/>

<sup>iv</sup> <https://roblesfamilylaw.com/blog/how-much-does-an-adoption-attorney-cost/>

<sup>v</sup> <https://www.ouokdhs.org/s/annual-report-2022-landing-page-home/cws-2022>

<sup>vi</sup> <https://adoptioncouncil.org/wp-content/uploads/2022/12/Adoption-by-the-Numbers-National-Council-For-Adoption-Dec-2022.pdf>