



Fiscal Note

Fiscal Services Division



[SF 2495](#) – Maternal Home Tax Credit (LSB6709SV)

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Fiscal Note Version – New

Description

[Senate File 2495](#) creates the Maternity Group Home (MGH) Tax Credit equaling 100.0% of a taxpayer's donation to a maternity group home. The Bill also:

- Specifies that the credit may be claimed against the individual income tax, corporate income tax, insurance premium tax, franchise tax, and the moneys and credits tax.
- Specifies that the tax credit is nonrefundable, nontransferable, and cannot be carried forward for the following tax year.
- Caps the aggregate annual maximum amount of the tax credit at \$3.5 million.
- Caps the annual maximum amount of tax credits granted for donations to an organization operating an MGH at \$500,000.
- Requires the Iowa Department of Revenue (IDR) to develop a wait list in the order applications for the tax credit are received if applications for the tax credit exceed the annual maximum amounts authorized in the Bill.
- Requires the IDR to adopt administrative rules to administer the MGH Tax Credit.

The MGH Tax Credit applies to tax years beginning on or after January 1, 2026.

Background

Iowa Code section [414.27](#) defines “maternity group home” as a community-based residential home that provides room and board, personal care, supervision, training, support, and education for women who are either pregnant or who have given birth within the preceding 24 months and live with their children, and includes overnight room accommodations and administrative and office space for home providers.

Assumptions

- The Bill would impose administrative costs on the IDR related to form development, technology, staff administration, and the procedures necessary to implement the Bill, which will be absorbed within ordinary business responsibilities and operations, according to the Department, and are not estimated.
- There are five maternity group homes in Iowa, each of which would receive the maximum qualifying donations of \$500,000 each tax year beginning with the first year of the tax credit. A sixth maternity group home would qualify for the full tax credit beginning TY 2028, and a seventh maternity group home would qualify for the full tax credit beginning TY 2030.
- Approximately 75.0% of tax credit awards are claimed, with 42.0% of awards claimed in the first fiscal year following the tax year and 33.0% of awards claimed in the second fiscal year following the tax year.
- All MGH Tax Credit claims will be made against the individual income tax.
- The [income surtax for schools](#) is a local option tax that is based on a taxpayer's Iowa income tax liability. Law changes that lower Iowa income tax liability also lower the amount of income surtax owed by any taxpayer subject to the surtax. For this projection, the surtax is assumed to equal 2.7% of State individual income tax liability.

Fiscal Impact

The individual income tax rate changes in SF 2495 are projected to decrease State General Fund revenue by the following amounts:

- FY 2027 = \$1.1 million
- FY 2028 = \$1.9 million
- FY 2029 = \$2.1 million
- FY 2030 = \$2.3 million
- FY 2031 = \$2.5 million
- FY 2032 = \$2.6 million

The Bill is also expected to decrease the income surtax for schools by the following amounts:

- FY 2027 = \$28,000
- FY 2028 = \$51,000
- FY 2029 = \$56,000
- FY 2030 = \$61,000
- FY 2031 = \$66,000
- FY 2032 = \$71,000

Sources

Iowa Department of Revenue
Legislative Services Agency analysis

/s/ Jennifer Acton

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The Fiscal Note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this Fiscal Note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
