

**House File 2323 - Introduced**

HOUSE FILE 2323  
BY BARKER

**A BILL FOR**

1 An Act relating to tax credits by creating the maternity group  
2 home and the strong families tax credits available against  
3 the individual, corporate, franchise, insurance premium,  
4 and moneys and credits taxes, and including applicability  
5 provisions.  
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

unofficial

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35

DIVISION I

MATERNITY GROUP HOME TAX CREDIT

Section 1. NEW SECTION. **135E.1 Maternity group home tax credit.**

1. As used in this section unless the context otherwise requires:

a. "Department" means the department of revenue.

b. "Donation" means a voluntary cash or noncash contribution to a maternity group home made by the taxpayer during the tax year.

c. "Maternity group home" means the same as defined in section 414.27.

2. For tax years beginning on or after January 1, 2026, a tax credit shall be allowed against the taxes imposed in chapter 422, subchapters II, III, and V, and in chapter 432, and against the moneys and credits tax imposed in section 533.329, equal to one hundred percent of a person's donation to a maternity group home. An individual may claim a tax credit under this section of a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to the individual. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings from the partnership, limited liability company, S corporation, estate, or trust.

3. The amount of the donation for which the tax credit is claimed shall not be deductible in determining taxable income for state income tax purposes.

4. Any credit in excess of the tax liability is not refundable but the excess for the tax year may be credited to the tax liability for the following five years or until depleted, whichever is earlier.

5. a. The cumulative value of the amount of tax credits authorized pursuant to this section shall not annually exceed three million five hundred thousand dollars.

b. The maximum value of tax credits granted for donations per an organization operating a maternity group home shall not

1 annually exceed five hundred thousand dollars.

2 6. a. A taxpayer must submit an application to the  
3 department in a manner approved by the department for each  
4 separate and distinct donation. The application must be approved  
5 by the department in order to claim the tax credit. The  
6 application must be filed within six months following the tax  
7 year the donation was made.

8 b. The department shall accept and approve applications on  
9 a first-come, first-served basis until the maximum value amount  
10 of tax credits that may be claimed pursuant to subsection 5 is  
11 reached. If for a tax year the aggregate amount of tax credits  
12 applied for exceeds the maximum amount specified in subsection  
13 5, paragraph "a" or "b", the department shall establish a wait  
14 list when applicable. Valid applications filed by the taxpayer  
15 within six months following the tax year of the donation but  
16 not approved by the department shall be placed on a wait  
17 list in the order the applications were received and those  
18 applicants shall be given priority for having their applications  
19 approved in succeeding years. Placement on a wait list pursuant  
20 to this paragraph shall not constitute a promise binding the  
21 state. The availability of a tax credit and approval of a  
22 tax credit application pursuant to this section in a future  
23 year is contingent upon the availability of tax credits in that  
24 particular year.

25 7. The department shall adopt rules pursuant to chapter 17A  
26 to administer this section.

27 Sec. 2. NEW SECTION. **422.10D Maternity group home tax**  
28 **credit.**

29 The tax imposed under this subchapter, less the credits  
30 allowed under section 422.12, shall be reduced by a maternity  
31 group home tax credit authorized pursuant to section 135E.1.

32 Sec. 3. Section 422.33, Code 2026, is amended by adding the  
33 following new subsection:

34 NEW SUBSECTION. 11. The tax imposed under this subchapter  
35 shall be reduced by a maternity group home tax credit authorized

1 pursuant to section 135E.1.

2 Sec. 4. Section 422.60, Code 2026, is amended by adding the  
3 following new subsection:

4 NEW SUBSECTION. 16. The tax imposed under this subchapter  
5 shall be reduced by a maternity group home tax credit authorized  
6 pursuant to section 135E.1.

7 Sec. 5. NEW SECTION. **432.12P Maternity group home tax**  
8 **credit.**

9 The tax imposed under this chapter shall be reduced by a  
10 maternity group home tax credit authorized pursuant to section  
11 135E.1.

12 Sec. 6. Section 533.329, subsection 2, Code 2026, is amended  
13 by adding the following new paragraph:

14 NEW PARAGRAPH. m. The moneys and credits tax imposed under  
15 this section shall be reduced by a maternity group home tax  
16 credit allowed under section 135E.1.

17 Sec. 7. APPLICABILITY. This division of this Act applies to  
18 tax years beginning on or after January 1, 2027.

19 DIVISION II

20 STRONG FAMILIES TAX CREDIT

21 Sec. 8. NEW SECTION. **217.41D Strong families tax credit.**

22 1. As used in this section:

23 a. "Department" means the department of revenue.

24 b. "Organization" means an organization that is exempt from  
25 federal taxation under section 501(c)(3) of the Internal Revenue  
26 Code that provides comprehensive case management services for  
27 at-risk families or fatherhood parenting services in this state.

28 2. The taxes imposed in chapter 422, subchapters II, III, and  
29 V, and in chapter 432, and against the moneys and credits tax  
30 imposed in section 533.329, shall be reduced by a strong families  
31 tax credit equal to one hundred percent of the amount of the  
32 voluntary cash contribution made by the taxpayer during the tax  
33 year to an organization.

34 3. To be eligible to claim this credit, all of the following  
35 shall apply:

1 a. A deduction pursuant to section 170 of the Internal  
2 Revenue Code for any amount of the contribution is not taken for  
3 state tax purposes.

4 b. The contribution does not designate that any part of the  
5 contribution be used for the direct benefit of the taxpayer, any  
6 dependent of the taxpayer, or any other person designated by the  
7 taxpayer.

8 c. The organization does not receive more than fifty percent  
9 of annual revenues from governmental entities.

10 d. The organization allocates at least ninety-five percent  
11 of annual revenues to provide comprehensive case management to  
12 at-risk families or fatherhood parenting services.

13 e. The organization has provided comprehensive case  
14 management services for at-risk families or fatherhood parenting  
15 services in this state for at least three consecutive years.

16 f. The organization does not provide counseling for abortion  
17 services.

18 4. Any credit in excess of the tax liability is not  
19 refundable but the excess for the tax year may be credited to the  
20 tax liability for the following five tax years or until depleted,  
21 whichever is the earlier.

22 5. Married taxpayers who file separate returns must determine  
23 the tax credit under subsection 2 based upon their combined net  
24 income and allocate the total credit amount to each spouse in  
25 the proportion that each spouse's respective net income bears  
26 to the total combined net income. Nonresidents or part-year  
27 residents of Iowa must determine their tax credit in the ratio  
28 of their Iowa source net income to their all-source net income.  
29 Nonresidents or part-year residents who are married and elect to  
30 file separate returns must allocate the tax credit between the  
31 spouses in the ratio of each spouse's Iowa source net income to  
32 the combined Iowa source net income of the taxpayers.

33 6. An individual may claim the tax credit allowed a  
34 partnership, limited liability company, S corporation, estate,  
35 or trust electing to have the income taxed directly to the

1 individual. The amount claimed by the individual shall be based  
2 upon the pro rata share of the individual's earnings of the  
3 partnership, limited liability company, S corporation, estate, or  
4 trust.

5 7. a. In order for the taxpayer to claim the strong families  
6 tax credit, a taxpayer must submit an application to the  
7 department detailing the contribution made to the organization.  
8 The application must be approved by the department in order to  
9 claim the tax credit. The application must be filed with the  
10 department by December 31 of the tax year for which the credit is  
11 claimed.

12 b. The department shall accept and approve applications on a  
13 first-come, first-served basis until the maximum amount of tax  
14 credits that may be claimed pursuant to subsection 8 is reached.  
15 If for a tax year the maximum value of tax credits applied for  
16 exceeds the amount specified in subsection 8, the department  
17 shall establish a wait list for the tax credit.

18 8. The cumulative value of tax credits approved by the  
19 department annually pursuant to this section shall not exceed  
20 five million dollars. The department shall not approve  
21 applications made to any organization that exceed one million  
22 dollars in the aggregate in a calendar year. In the event  
23 less than five million dollars in credits in the aggregate  
24 are approved in a calendar year, the department may approve  
25 applications for the tax credit that exceed one million dollars  
26 in the aggregate to any organization from the remaining unclaimed  
27 credits for the calendar year on a first-come, first-served  
28 basis.

29 9. An organization shall initially register with the  
30 department. The organization's registration shall include proof  
31 of section 501(c)(3) status, a list of the services the  
32 organization provides, and the members of the governing board  
33 of the organization. Once the organization has registered, the  
34 organization is not required to subsequently register unless  
35 the services provided change or members of the organization's

1 governing board change.

2 10. An organization that is registered pursuant to this  
3 section shall report to the department, on a form prescribed by  
4 the department, by January 10 of each calendar year, the total  
5 number of families receiving services in the previous calendar  
6 year.

7 11. By January 31, 2028, and each January 31 thereafter, the  
8 department shall report to the general assembly the name of each  
9 organization that has registered under this section, the number  
10 of families receiving services from each organization, and the  
11 amount of tax credits approved from contributions made to each  
12 organization.

13 12. The department shall adopt rules pursuant to chapter 17A  
14 to administer this section.

15 Sec. 9. NEW SECTION. **422.12R Strong families tax credit.**

16 The taxes imposed under this subchapter, less the credits  
17 allowed under section 422.12, shall be reduced by a strong  
18 families tax credit allowed pursuant to section 217.41D.

19 Sec. 10. Section 422.33, Code 2026, is amended by adding the  
20 following new subsection:

21 NEW SUBSECTION. 33. The taxes imposed under this subchapter  
22 shall be reduced by a strong families tax credit allowed pursuant  
23 to section 217.41D.

24 Sec. 11. Section 422.60, Code 2026, is amended by adding the  
25 following new subsection:

26 NEW SUBSECTION. 17. The taxes imposed under this subchapter  
27 shall be reduced by a strong families tax credit allowed pursuant  
28 to section 217.41D.

29 Sec. 12. NEW SECTION. **432.12Q Strong families tax credit.**

30 The taxes imposed under this chapter shall be reduced by a  
31 strong families tax credit allowed pursuant to section 217.41D.

32 Sec. 13. Section 533.329, subsection 2, Code 2026, is amended  
33 by adding the following new paragraph:

34 NEW PARAGRAPH. n. The moneys and credits tax imposed under  
35 this section shall be reduced by a strong families tax credit as

1 provided in section 217.41D.

2 Sec. 14. APPLICABILITY. This division of this Act applies to  
3 tax years beginning on or after January 1, 2027.

4 EXPLANATION

5 The inclusion of this explanation does not constitute agreement with  
6 the explanation's substance by the members of the general assembly.

7 This bill creates maternity group home and strong families tax  
8 credits available against the individual, corporate, franchise,  
9 insurance premium, and moneys and credits taxes.

10 MATERNITY HOME TAX CREDIT. The bill defines "maternity  
11 group home" to mean a community-based residential home that  
12 provides room and board, personal care, supervision, training,  
13 support, and education in a family environment for women who  
14 are either pregnant or who have given birth within the preceding  
15 24 months and live with their children, and includes overnight  
16 room accommodations and administrative and office space for those  
17 persons who provide such services.

18 The amount of the credit shall equal 100 percent of a person's  
19 donation to a maternity group home.

20 The bill specifies that the amount of the donation for which  
21 the tax credit is claimed shall not be deductible for state  
22 income tax purposes.

23 Any credit in excess of the tax liability is not refundable  
24 but the excess for the tax year may be credited to the tax  
25 liability for the following five years or until depleted,  
26 whichever is earlier.

27 The aggregate amount of tax credits authorized pursuant to the  
28 bill shall not annually exceed \$3.5 million.

29 The maximum amount of tax credits granted for donations to an  
30 organization operating a maternity group home shall not annually  
31 exceed \$500,000.

32 The bill requires the department of revenue to administer the  
33 credit and to approve applications on a first-come, first-served  
34 basis until the maximum amount of tax credits authorized for the  
35 year has been reached. A taxpayer must submit an application

1 to the department for each separate and distinct donation within  
2 six months following the tax year of the donation in such a  
3 manner approved by the department. The bill also requires the  
4 department to develop a wait list in the order the applications  
5 are received if applications for the credit exceed the annual  
6 maximum amounts authorized.

7 The department shall adopt rules to administer the tax credit.

8 The tax credit applies to tax years beginning on or after  
9 January 1, 2027.

10 STRONG FAMILIES TAX CREDIT. The bill creates a strong  
11 families tax credit available against the individual, corporate,  
12 franchise, insurance premium, and moneys and credit taxes.

13 The strong families tax credit is equal to 100 percent  
14 of the amount of a voluntary cash contribution made by the  
15 taxpayer to an organization that is exempt from taxation under  
16 section 501(c)(3) of the Internal Revenue Code that provides  
17 comprehensive case management services for at-risk families or  
18 fatherhood parenting services in this state.

19 To be eligible to claim the credit, all of the following  
20 must apply: (1) a deduction is not taken for any amount of  
21 the contribution for state tax purposes, (2) the contribution  
22 is not designated to personally benefit the taxpayer, (3) the  
23 organization does not receive more than 50 percent of revenues  
24 from governmental entities, (4) 95 percent of annual revenues are  
25 allocated to providing core services, (5) the organization has  
26 provided services in this state for at least three consecutive  
27 years, and (6) the organization does not provide abortion  
28 services.

29 Any credit in excess of the tax liability is not refundable  
30 but the excess for the tax year may be credited to the tax  
31 liability for the following five tax years or until depleted,  
32 whichever is the earlier.

33 In order for the taxpayer to claim the strong families tax  
34 credit, a taxpayer must submit an application to the department  
35 of revenue (department) detailing the contribution made to the

1 organization. The application must be approved by the department  
2 in order to claim the tax credit. The application must be filed  
3 with the department by December 31 of the tax year for which the  
4 credit is claimed.

5 The department shall accept and approve applications on a  
6 first-come, first-served basis until the maximum amount of tax  
7 credits that may be claimed pursuant to the bill is reached.  
8 If for a tax year the maximum value of tax credits applied  
9 for exceeds the maximum amount, the department is required to  
10 establish a wait list for the tax credit.

11 The cumulative value of tax credits approved by the department  
12 annually pursuant to the bill shall not exceed \$5 million.  
13 The department shall not approve applications made to any  
14 organization that exceed \$1 million in the aggregate in a  
15 calendar year, unless credits from the \$5 million maximum remain  
16 unclaimed.

17 The bill requires an organization to initially register with  
18 the department. The organization's registration shall include  
19 proof of section 501(c)(3) status, a list of the services the  
20 organization provides, and the members of the governing board  
21 of the organization. Once the organization has registered, it  
22 is not required to subsequently register unless the services  
23 provided change or members of the organization's governing board  
24 change.

25 Beginning January 31, 2028, and each January 31 thereafter,  
26 the department shall report information about the tax credit  
27 to the general assembly the name of each organization that has  
28 registered with the department, the number of families receiving  
29 services from each organization, and the amount of tax credits  
30 approved from contributions made to each organization.

31 The department is required to adopt rules to administer the  
32 tax credit.

33 The tax credit applies to tax years beginning on or after  
34 January 1, 2027.