

SENATE/HOUSE FILE _____
BY (PROPOSED AUDITOR OF STATE
BILL)

A BILL FOR

1 An Act exempting from state income tax income received by a
2 certified public accountant performing certain audits or
3 examinations of governmental subdivisions, and including
4 retroactive applicability provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 11.6, subsection 2, Code 2025, is amended
2 to read as follows:

3 2. a. A governmental subdivision contracting with certified
4 public accountants shall do so in a reasonable manner on the
5 basis of competence and qualification for the services required
6 and for a fair and reasonable price utilizing procedures which
7 include a written request for proposals.

8 b. Income received by a certified public accountant
9 performing an audit or examination of a governmental
10 subdivision pursuant to this section shall be exempt from
11 taxation under section 422.7 or 422.33, as applicable.

12 Sec. 2. Section 422.7, Code 2025, is amended by adding the
13 following new subsection:

14 NEW SUBSECTION. 45. Subtract, to the extent included,
15 income received by a certified public accountant performing an
16 audit or examination of a governmental subdivision pursuant to
17 section 11.6.

18 Sec. 3. Section 422.35, Code 2025, is amended by adding the
19 following new subsection:

20 NEW SUBSECTION. 14. Subtract, to the extent included,
21 income received by a certified public accountant performing an
22 audit or examination of a governmental subdivision pursuant to
23 section 11.6.

24 Sec. 4. RETROACTIVE APPLICABILITY. This Act applies
25 retroactively to January 1, 2025, for tax years beginning on
26 or after that date.

27 EXPLANATION

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

30 This bill exempts from state income tax under Code sections
31 422.7 (individual) and 422.35 (corporate), as applicable,
32 income received by a certified public accountant performing an
33 audit or examination of a governmental subdivision under Code
34 section 11.6.

35 The bill applies retroactively to tax years beginning on or

S.F. _____ H.F. _____

1 after January 1, 2025.