

House File 2685 - Introduced

HOUSE FILE 2685

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 716)

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 2024, 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. This
12 paragraph is repealed on January 1, 2029.

13 Sec. 2. Section 422.7, Code 2024, is amended by adding the
14 following new subsection:

15 NEW SUBSECTION. 44. Subtract, to the extent included,
16 income received by a certified public accountant performing an
17 audit or examination of a governmental subdivision pursuant to
18 section 11.6. This subsection is repealed on January 1, 2029,
19 and does not apply to tax years beginning on or after that
20 date.

21 Sec. 3. Section 422.35, Code 2024, is amended by adding the
22 following new subsection:

23 NEW SUBSECTION. 14. Subtract, to the extent included,
24 income received by a certified public accountant performing an
25 audit or examination of a governmental subdivision pursuant to
26 section 11.6. This subsection is repealed on January 1, 2029,
27 and does not apply to tax years beginning on or after that
28 date.

29 Sec. 4. RETROACTIVE APPLICABILITY. This Act applies
30 retroactively to January 1, 2024, for tax years beginning on
31 or after that date.

32 EXPLANATION

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

35 This bill exempts from state income tax under Code sections

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1 422.7 (individual) and 422.35 (corporate), as applicable,
2 income received by a certified public accountant performing an
3 audit or examination of a governmental subdivision under Code
4 section 11.6.

5 The bill applies retroactively to tax years beginning on or
6 after January 1, 2024, but before January 1, 2029.