

House File 2760 - Introduced

HOUSE FILE 2760
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO HF 2331)
(SUCCESSOR TO HSB 532)

A BILL FOR

1 An Act creating an attorney loan repayment program, and making
2 appropriations.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

unofficial

1 Section 1. NEW SECTION. **256.232 Attorney loan repayment**
2 **program — fund.**

3 1. *Program established.* The college student aid commission
4 shall establish an attorney loan repayment program to encourage
5 attorneys to remain and practice law in this state.

6 2. *Eligibility.* An individual is eligible to apply to enter
7 into a program agreement with the college student aid commission
8 pursuant to subsection 3 if the individual meets all of the
9 following requirements:

10 a. Is a graduate of an accredited law school.

11 b. Is licensed to practice law in Iowa.

12 c. Is practicing law in Iowa at the time of application or
13 commits to begin practicing law in this state upon execution of a
14 program agreement.

15 3. *Program agreements.* An agreement shall be entered into
16 by an eligible attorney and the college student aid commission.
17 Under the agreement, to receive loan repayments pursuant to
18 subsection 5, an eligible attorney shall agree to and fulfill all
19 of the following requirements:

20 a. Remain and practice law in Iowa in the area designated
21 pursuant to the attorney's preference determination during each
22 year for which loan repayment assistance is received.

23 b. Provide not less than the number of hours per year of
24 legal services as an indigent defense attorney as designated
25 pursuant to the attorney's preference determination.

26 4. *Priority.*

27 a. In awarding loan repayment assistance under this section,
28 the commission shall give priority to attorneys who practice law
29 in this state in the following order:

30 (1) Attorneys who reside and practice law in rural areas
31 of the state and provide a minimum of fifty hours of indigent
32 defense services annually.

33 (2) Attorneys who practice law in rural areas of the state
34 and provide a minimum of one hundred hours of indigent defense
35 services annually.

1 (3) Attorneys who practice law in Iowa and provide two
2 hundred hours of indigent defense services annually.

3 (4) Attorneys who graduated from an Iowa law school, an Iowa
4 high school, or completed private instruction pursuant to chapter
5 299A.

6 b. For purposes of this section, "rural area" means a county
7 or municipality that has a population of less than twenty-six
8 thousand and is located more than twenty miles from a city with
9 a population of at least fifty thousand, based on the most recent
10 federal decennial census.

11 5. *Loan repayment assistance.* An eligible attorney who
12 enters into and remains in compliance with a program agreement
13 pursuant to subsection 3 shall receive loan repayment assistance
14 in an amount not to exceed ten thousand dollars per year
15 or the outstanding balance of the attorney's eligible loans,
16 whichever is less. In the event an attorney who receives loan
17 repayment assistance under this section ceases to practice law
18 in accordance with the program agreement, the loan repayment
19 assistance shall terminate immediately, the loan repayment
20 assistance shall be prorated for the months the attorney complied
21 with the agreement, and no further payment shall be made. Loan
22 repayment assistance may be provided for each year of eligible
23 practice during a period of not more than six consecutive years.
24 The total amount of loan repayment assistance an attorney may
25 receive under the program shall not exceed the total outstanding
26 balance of the attorney's eligible student loans at the time the
27 program agreement is executed. For purposes of this section,
28 "eligible loan" means the attorney's total federally guaranteed
29 Stafford loan amount under the federal family education loan
30 program or the federal direct loan program, the attorney's
31 federal graduate plus loans, or the attorney's federal Perkins
32 loan, including principal and interest. Loan payment assistance
33 received pursuant to this section is not subject to Iowa income
34 tax.

35 6. *Fund established.* An attorney loan repayment program fund

1 is created in the state treasury under the control of the college
2 student aid commission. The commission may accept gifts, grants,
3 bequests, and other private contributions, as well as state or
4 federal moneys, for deposit in the fund. All moneys deposited
5 in the fund are appropriated to the commission to be used for
6 purposes of this section. Notwithstanding section 8.33, moneys
7 in the fund that remain unencumbered or unobligated at the close
8 of a fiscal year shall not revert but shall remain available for
9 expenditure for the purposes designated. Notwithstanding section
10 12C.7, subsection 2, interest or earnings on moneys in the fund
11 shall be credited to the fund.

12 7. *Rules.* The college student aid commission shall adopt
13 rules to administer this section.

14 8. *Limitation.* The program shall not provide assistance for
15 more than twenty-five attorneys in a single year.

16 Sec. 2. Section 422.7, Code 2026, is amended by adding the
17 following new subsection:

18 NEW SUBSECTION. 46. a. Subtract, to the extent included,
19 income resulting from the payment of the amount of any loan
20 repayment assistance received pursuant to section 256.232,
21 whether paid to the taxpayer or the lender, not to exceed ten
22 thousand dollars in any tax year.

23 b. If the taxpayer has a deduction in computing federal
24 taxable income under section 221 of the Internal Revenue Code
25 for interest on a qualified education loan, the taxpayer shall
26 recompute for purposes of this subsection the amount of the
27 deduction under paragraph "a" by not subtracting any amount of
28 income resulting from the loan repayment assistance received
29 pursuant to section 256.232 that was also deducted by the
30 taxpayer under section 221 of the Internal Revenue Code.

31 c. A taxpayer is eligible to receive a deduction pursuant to
32 this subsection for not more than six consecutive tax years in
33 the taxpayer's lifetime.

34
35

EXPLANATION

The inclusion of this explanation does not constitute agreement with

1 the explanation's substance by the members of the general assembly.

2 This bill establishes an attorney loan repayment program
3 to encourage attorneys to remain and practice law in Iowa.
4 The program is to be administered by the college student aid
5 commission.

6 The bill provides that an individual is eligible to apply for
7 the program if the individual is a graduate of an accredited
8 law school, is licensed to practice law in Iowa, and is
9 practicing law in Iowa at the time of application or commits to
10 begin practicing law in the state upon execution of a program
11 agreement.

12 The bill requires a program agreement to be entered into by
13 the commission and an eligible attorney. Under the agreement,
14 an attorney must agree to remain and practice law in Iowa during
15 each year for which loan repayment assistance is received and
16 must provide not less than the number of hours per year of legal
17 services as an indigent defense attorney as designated pursuant
18 to the attorney's preference determination.

19 The bill requires the commission to give priority in awarding
20 loan repayment assistance to attorneys who practice law in this
21 state in the following order: (1) attorneys who reside and
22 practice law in rural areas and provide a minimum of 50 hours
23 of indigent defense services annually; (2) attorneys who practice
24 law in rural areas and provide a minimum of 100 hours of
25 indigent defense services annually; (3) attorneys who practice
26 law in the state and provide 200 hours of indigent defense
27 services annually; and (4) attorneys who graduated from an Iowa
28 law school, Iowa high school, or completed private instruction
29 pursuant to Code chapter 299A.

30 The bill defines "rural area" as a county or municipality that
31 has a population of less than 26,000 and is located more than 20
32 miles from a city with a population of at least 50,000, based on
33 the most recent federal decennial census.

34 The bill provides that an eligible attorney who enters
35 into and remains in compliance with a program agreement may

1 receive loan repayment assistance in an amount not to exceed
2 \$10,000 per year or the outstanding balance of the attorney's
3 eligible student loans, whichever is less. If an attorney who
4 receives assistance ceases to practice law in accordance with the
5 attorney's program agreement, the assistance shall terminate, be
6 prorated, and no further payments shall be made. Loan repayment
7 assistance may be provided for not more than six consecutive
8 years, and the total amount of assistance may not exceed the
9 outstanding balance of the attorney's eligible student loans at
10 the time the agreement is executed. The bill defines "eligible
11 loan" as the attorney's total federally guaranteed Stafford loan
12 amount under the federal family education loan program or the
13 federal direct loan program, the attorney's federal graduate
14 plus loans, or the attorney's federal Perkins loan, including
15 principal and interest.

16 The bill creates an attorney loan repayment program fund in
17 the state treasury under the control of the commission. The fund
18 consists of gifts, grants, bequests, private contributions, and
19 state or federal moneys. Moneys in the fund are appropriated to
20 the commission for purposes of the program, do not revert at the
21 end of a fiscal year, and retain interest earnings.

22 The bill requires the commission to adopt rules to administer
23 the program and limits participation to not more than 25
24 attorneys in a single year.

25 The bill provides that loan payment assistance received
26 pursuant to the program is not subject to the Iowa income tax.
27 The bill adds a corresponding provision.