

House File 30 - Introduced

HOUSE FILE 30
BY LOHSE

A BILL FOR

1 An Act providing a deduction from the individual and corporate
2 income taxes for the amount of certain income derived from
3 indigent representation by an eligible law firm, and including
4 retroactive applicability provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

unofficial

1 Section 1. Section 422.7, Code 2025, is amended by adding the
2 following new subsection:

3 NEW SUBSECTION. 45. a. As used in this subsection:

4 (1) "Eligible attorney" means an attorney who is appointed to
5 an eligible case and who, at the time of such appointment, has
6 been licensed to practice law for fewer than ten years.

7 (2) "Eligible case" means an appointment on or after July 1,
8 2025, by an Iowa court of an eligible attorney to represent a
9 person in a case pursuant to section 814.11 or 815.10.

10 (3) "Eligible law firm" means a law firm in this state that
11 has two or more attorneys that practice law in the law firm for
12 at least half of each tax year during which the law firm is
13 engaged in an eligible case.

14 b. (1) An eligible law firm may subtract, to the extent
15 included, the aggregated amount equal to the difference between
16 the total hours billed by the eligible attorney in the eligible
17 case multiplied by one hundred fifty dollars or the actual hourly
18 rate charged by the eligible law firm for that eligible attorney
19 for such a case, whichever is less, and the total hours billed
20 by the eligible attorney in the eligible case multiplied by the
21 hourly rate in effect for the eligible case in section 815.7.

22 (2) The amount of the deduction allowed pursuant to this
23 subsection for an individual taxpayer of an eligible law firm
24 shall be calculated using the same percentage as the taxpayer's
25 pro rata percentage share of the profits or losses from
26 the partnership, limited liability company, or subchapter S
27 corporation.

28 Sec. 2. Section 422.35, Code 2025, is amended by adding the
29 following new subsection:

30 NEW SUBSECTION. 14. a. As used in this subsection:

31 (1) "Eligible attorney" means an attorney who is appointed to
32 an eligible case and who, at the time of such appointment, has
33 been licensed to practice law for fewer than ten years.

34 (2) "Eligible case" means an appointment on or after July 1,
35 2025, by an Iowa court of an eligible attorney to represent a

1 person in a case pursuant to section 814.11 or 815.10.

2 (3) "Eligible law firm" means a law firm in this state that
3 has two or more attorneys that practice law in the law firm for
4 at least half of each tax year during which the law firm is
5 engaged in an eligible case.

6 b. An eligible law firm may subtract, to the extent included,
7 the aggregated amount equal to the difference between the total
8 hours billed by the eligible attorney in the eligible case
9 multiplied by one hundred fifty dollars or the actual hourly rate
10 charged by the eligible law firm for that eligible attorney for
11 such a case, whichever is less, and the total hours billed by the
12 eligible attorney in the eligible case multiplied by the hourly
13 rate in effect for the eligible case in section 815.7.

14 Sec. 3. RETROACTIVE APPLICABILITY. This Act applies
15 retroactively to January 1, 2025, for tax years beginning on or
16 after that date.

17 EXPLANATION

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

20 This bill provides a deduction from the individual income or
21 corporate income tax for the amount of certain income derived
22 from indigent representation by an eligible law firm.

23 The bill defines "eligible law firm" to mean a law firm in
24 this state that has two or more attorneys that practice law in
25 the law firm for at least half of each tax year during which the
26 law firm is engaged in an eligible case.

27 The bill defines "eligible case" to mean an appointment on
28 or after July 1, 2025, by an Iowa court of an eligible attorney
29 to represent a person in a case pursuant to Code section 814.11
30 (indigent's right to counsel) or 815.10 (appointment of counsel
31 by court).

32 The bill defines "eligible attorney" to mean an attorney who
33 is appointed to an eligible case and who, at the time of such
34 appointment, has been licensed to practice law for fewer than 10
35 years.

1 The amount of the deduction shall equal the aggregated amount
2 equal to the difference between the total hours billed by the
3 eligible attorney in the eligible case multiplied by \$150 or the
4 actual hourly rate charged by the eligible law firm for that
5 eligible attorney for such a case, whichever is less, and the
6 total hours billed by the eligible attorney in the eligible case
7 multiplied by the hourly rate in effect for the eligible case in
8 Code section 815.7.

9 The current hourly rate is \$86 per hour for a class "A"
10 felony, \$81 per hour for a class "B" felony, and \$76 per hour
11 for all other cases.

12 For individual income tax purposes, a taxpayer who is a
13 partner of a partnership, a shareholder of a subchapter S
14 corporation, or a member of a limited liability corporation may
15 deduct the portion of the amount of the deduction calculated
16 under the bill based on the taxpayer's pro rata share of
17 the profits or losses from the partnership or subchapter S
18 corporation.

19 The bill applies retroactively to tax years beginning on or
20 after January 1, 2025.