

**House File 568 - Introduced**

HOUSE FILE 568

BY JACOBY

**A BILL FOR**

1 An Act excluding interest income earned from banks and credit  
2 unions from the calculations of Iowa net income for purposes  
3 of the individual income tax, and including effective date and  
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. Subtract, to the extent included,  
4 interest income received from a bank or credit union.

5 b. As used in this subsection:

6 (1) "Bank" means a corporation or limited liability company  
7 engaged in the business of banking and organized under the laws  
8 of this state, another state, or the United States. "Bank" also  
9 means a savings and loan, savings association, or savings bank  
10 organized under the laws of another state or the United States.

11 (2) "Credit union" means a cooperative, nonprofit association  
12 incorporated under chapter 533 or the federal Credit Union Act,  
13 12 U.S.C. §1751 et seq., and that is insured by the national  
14 credit union administration and includes an office of a credit  
15 union.

16 Sec. 2. EFFECTIVE DATE. This Act, being deemed of immediate  
17 importance, takes effect upon enactment.

18 Sec. 3. RETROACTIVE APPLICABILITY. This Act applies  
19 retroactively to January 1, 2025, for tax years beginning on or  
20 after that date.

21 EXPLANATION

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

24 This bill excludes interest income received from banks and  
25 credit unions from the calculation of Iowa net income for  
26 purposes of the individual income tax.

27 The bill defines "bank" and "credit union".

28 The bill takes effect upon enactment and applies retroactively  
29 to tax years beginning on or after January 1, 2025.