

**House Study Bill 626 - Introduced**

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

**A BILL FOR**

1 An Act relating to the determination and collection of certain  
2 fees by the auditor of state and the provision of municipal  
3 financial management training, and including applicability  
4 provisions.

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

unofficial

1 Section 1. Section 11.6, subsection 11, paragraph a, Code  
2 2026, is amended to read as follows:

3 a. The auditor of state shall adopt rules in accordance with  
4 chapter 17A to establish and collect a periodic examination fee  
5 from cities that are not required to have an audit or required  
6 fiscal year examination conducted pursuant to subsection 1 during  
7 a fiscal year. Such fees are due on March 31 each year.  
8 ~~The auditor of state shall base the periodic examination fees~~  
9 the auditor of state establishes shall be on a sliding scale,  
10 based on the city's budgeted gross expenditures, to produce  
11 total revenue of not more than ~~three~~ six hundred ~~seventy-five~~  
12 thousand dollars for each fiscal year. However, cities that pay  
13 a filing fee for an audit or examination pursuant to subsection  
14 10 during the fiscal year are not required to pay the periodic  
15 examination fee. The funds collected shall be maintained in  
16 a segregated account for use by the office of the auditor of  
17 state in performing periodic examinations conducted pursuant to  
18 subsection 1. However, if the fees collected in one fiscal  
19 year exceed ~~three~~ six hundred ~~seventy-five~~ thousand dollars, the  
20 auditor of state shall apply the excess funds to provide training  
21 to city officials on municipal financial management or shall  
22 contract with a qualified organization to provide such training.  
23 Notwithstanding section 8.33, any fees collected by the auditor  
24 of state for these purposes that remain unexpended at the end  
25 of the fiscal year shall not revert to the general fund of the  
26 state or any other fund but shall remain available for use for  
27 the following fiscal year for the purposes authorized in this  
28 subsection.

29 Sec. 2. APPLICABILITY. This Act applies to fees collected in  
30 fiscal years beginning on or after July 1, 2026.

31 EXPLANATION

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

34 Code section 11.6(11) authorizes the auditor of state to  
35 establish and collect a periodic examination fee from cities

1 that are not required to have an audit or required fiscal year  
2 examination during a fiscal year. The auditor of state is  
3 required to base the fees on a sliding scale, based on the city's  
4 budgeted gross expenditures, to produce total revenue of not more  
5 than \$375,000 for each fiscal year. Current law also requires  
6 the auditor of state to provide or contract for training to  
7 city officials on municipal financial management if the periodic  
8 examination fees collected in a fiscal year exceed \$375,000 using  
9 the excess funds. The auditor of state is required to provide  
10 an annual report to the general assembly's standing committees  
11 on government oversight on the status of the account created for  
12 such fees and on the required examinations of cities.

13 This bill increases the \$375,000 cap on total periodic  
14 examination fees collected by the auditor of state to \$600,000.  
15 The bill also modifies the threshold amount in order to require  
16 the auditor of state to provide or contract for training to city  
17 officials on municipal financial management.

18 The bill applies to fees collected in fiscal years beginning  
19 on or after July 1, 2026.