

Law School Admissions, Residency Requirements Bill House File 2331

Last Action:
**House Appropriations
Committee**
April 8, 2026

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

**Fiscal Services Division
Legislative Services Agency**

NOTES ON BILLS AND AMENDMENTS (NOBA)

Available online at www.legis.iowa.gov/publications/information/appropriationBillAnalysis

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NEW PROGRAMS, SERVICES, OR ACTIVITIES

Creates the Attorney Loan Repayment Program to be administered by the Iowa College Student Aid Commission. The Program will provide loan repayments for attorneys who agree to practice law in Iowa and provide a certain number of hours as an indigent defense attorney. Priority is given to attorneys practicing in rural areas.

Page 1, Line 1

Specifies that eligible attorneys receive loan repayment assistance up to \$10,000 per year for no more than six consecutive years and must not exceed the total balance of the attorney's eligible student loans, as defined in the Bill. Loans must be prorated if an attorney stops practicing law in accordance with the agreements.

Page 2, Line 11

Creates the Attorney Loan Repayment Program Fund under the control of the College Student Aid Commission. The Commission may accept gifts, grants, bequests, and other private contributions, as well as State or federal moneys, for deposit in the Fund. Unobligated and unencumbered moneys in the Fund will not revert to the General Fund but will remain available for expenditure in subsequent fiscal years for the designated purposes.

Page 2, Line 35

FISCAL IMPACT: The Bill does not appropriate funding. The Commission estimates that costs to implement and operate the program include a one-time \$50,000 system update to manage applications, awards, and service tracking.

House File 2760 provides for the following changes to the Code of Iowa.

Page #	Line #	Bill Section	Action	Code Section
1	1	1	New	256.232
3	17	2	Add	422.7.46

1 1 Section 1. NEW SECTION 256.232 ATTORNEY LOAN REPAYMENT
1 2 PROGRAM — FUND.

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

CODE: Creates the Attorney Loan Repayment Program to be administered by the Iowa College Student Aid Commission.

1 6 2. ELIGIBILITY. An individual is eligible to apply to
1 7 enter into a program agreement with the college student aid
1 8 commission pursuant to subsection 3 if the individual meets all
1 9 of the following requirements:

CODE: Specifies that an applicant must meet the following requirements:

1 10 a. Is a graduate of an accredited law school.
1 11 b. Is licensed to practice law in Iowa.
1 12 c. Is practicing law in Iowa at the time of application or
1 13 commits to begin practicing law in this state upon execution
1 14 of a program agreement.

- Is a graduate of the University of Iowa College of Law.
- Is licensed to practice law in Iowa.
- Is practicing law in Iowa at the time of application or commits to begin practice in Iowa upon execution of program agreement.

1 15 3. PROGRAM AGREEMENTS. An agreement shall be entered into
1 16 by an eligible attorney and the college student aid commission.
1 17 Under the agreement, to receive loan repayments pursuant to
1 18 subsection 5, an eligible attorney shall agree to and fulfill
1 19 all of the following requirements:

CODE: Specifies that a program agreement will require the loan repayment recipient to remain and practice law in Iowa in the area designed during each year of loan repayment assistance and provide a specified amount of indigent defense legal services each year.

1 20 a. Remain and practice law in Iowa in the area designated
1 21 pursuant to the attorney's preference determination during each
1 22 year for which loan repayment assistance is received.
1 23 b. Provide not less than the number of hours per year of
1 24 legal services as an indigent defense attorney as designated
1 25 pursuant to the attorney's preference determination.

1 26 4. PRIORITY.

CODE: Specifies that loan repayment assistance priority is given to Iowa attorneys in the following order:

1 27 a. In awarding loan repayment assistance under this section,
1 28 the commission shall give priority to attorneys who practice
1 29 law in this state in the following order:

1 30 (1) Attorneys who reside and practice law in rural areas
1 31 of the state and provide a minimum of fifty hours of indigent
1 32 defense services annually.
1 33 (2) Attorneys who practice law in rural areas of the state
1 34 and provide a minimum of one hundred hours of indigent defense
1 35 services annually.
2 1 (3) Attorneys who practice law in Iowa and provide two

- Attorneys who reside and practice in rural areas and provide at least 50 hours of indigent defense annually.
- Attorneys who practice in rural areas and provide at least 100 hours of indigent defense services annually.
- Attorneys who provide 200 hours of indigent defense services annually.

2 2 hundred hours of indigent defense services annually.
 2 3 (4) Attorneys who graduated from an Iowa law school, an
 2 4 Iowa high school, or completed private instruction pursuant to
 2 5 chapter 299A.

- Attorney who graduated from an Iowa law school, Iowa high school, or completed private institution under Iowa Code chapter [299A](#).

2 6 b. For purposes of this section, "rural area" means a county
 2 7 or municipality that has a population of less than twenty-six
 2 8 thousand and is located more than twenty miles from a city with
 2 9 a population of at least fifty thousand, based on the most
 2 10 recent federal decennial census.

CODE: Defines "rural area" as a city in Iowa with a population of less than 26,000 that is located more than 20 miles from a city with a population of at least 50,000 as of the latest federal decennial census.

2 11 5. LOAN REPAYMENT ASSISTANCE. An eligible attorney
 2 12 who enters into and remains in compliance with a program
 2 13 agreement pursuant to subsection 3 shall receive loan repayment
 2 14 assistance in an amount not to exceed ten thousand dollars per
 2 15 year or the outstanding balance of the attorney's eligible
 2 16 loans, whichever is less. In the event an attorney who
 2 17 receives loan repayment assistance under this section ceases
 2 18 to practice law in accordance with the program agreement, the
 2 19 loan repayment assistance shall terminate immediately, the
 2 20 loan repayment assistance shall be prorated for the months the
 2 21 attorney complied with the agreement, and no further payment
 2 22 shall be made. Loan repayment assistance may be provided for
 2 23 each year of eligible practice during a period of not more than
 2 24 six consecutive years. The total amount of loan repayment
 2 25 assistance an attorney may receive under the program shall
 2 26 not exceed the total outstanding balance of the attorney's
 2 27 eligible student loans at the time the program agreement
 2 28 is executed. For purposes of this section, "eligible loan"
 2 29 means the attorney's total federally guaranteed Stafford loan
 2 30 amount under the federal family education loan program or the
 2 31 federal direct loan program, the attorney's federal graduate
 2 32 plus loans, or the attorney's federal Perkins loan, including
 2 33 principal and interest. Loan payment assistance received
 2 34 pursuant to this section is not subject to Iowa income tax.

CODE: Specifies that eligible attorneys receive loan repayment assistance up to \$10,000 per year for no more than six consecutive years and must not exceed the total balance of the attorney's eligible student loans, as defined in the Bill. Loans must be prorated if an attorney stops practicing law in accordance with the agreements.

2 35 6. FUND ESTABLISHED. An attorney loan repayment program
 3 1 fund is created in the state treasury under the control of the
 3 2 college student aid commission. The commission may accept
 3 3 gifts, grants, bequests, and other private contributions, as
 3 4 well as state or federal moneys, for deposit in the fund. All
 3 5 moneys deposited in the fund are appropriated to the commission

CODE: Creates the Attorney Loan Repayment Program Fund in the State Treasury under the control of the Iowa College Student Aid Commission. The Commission may accept gifts, grants, bequests, private contributions, and state or federal moneys for deposit in the fund. Unobligated and unencumbered moneys in the Fund will not revert to the

3 6 to be used for purposes of this section. Notwithstanding
3 7 section 8.33, moneys in the fund that remain unencumbered or
3 8 unobligated at the close of a fiscal year shall not revert
3 9 but shall remain available for expenditure for the purposes
3 10 designated. Notwithstanding section 12C.7, subsection 2,
3 11 interest or earnings on moneys in the fund shall be credited
3 12 to the fund.

General Fund but will be available for program purposes.
Any interest or earnings on moneys in the Fund will be
credited to the Fund.

FISCAL IMPACT: The Bill does not appropriate moneys.
The Commission estimates that costs to implement and
operate the program include a one-time \$50,000 system
update to manage applications, awards, and service
tracking.

3 13 7. RULES. The college student aid commission shall adopt
3 14 rules to administer this section.

CODE: Requires the Commission to adopt administrative
rules to administer the Program.

3 15 8. LIMITATION. The program shall not provide assistance for
3 16 more than twenty-five attorneys in a single year.

CODE: Limits the Program to 25 participants per year.

3 17 Sec. 2. Section 422.7, Code 2026, is amended by adding the
3 18 following new subsection:

CODE: Specifies that loan payment assistance received
under the Program is not subject to Iowa income tax, cannot
exceed \$10,000 in any tax year, and eligibility is for no more
than six consecutive tax years.

3 19 NEW SUBSECTION 46. a. Subtract, to the extent included,
3 20 income resulting from the payment of the amount of any loan
3 21 repayment assistance received pursuant to section 256.232,
3 22 whether paid to the taxpayer or the lender, not to exceed ten
3 23 thousand dollars in any tax year.

3 24 b. If the taxpayer has a deduction in computing federal
3 25 taxable income under section 221 of the Internal Revenue Code
3 26 for interest on a qualified education loan, the taxpayer shall
3 27 recompute for purposes of this subsection the amount of the
3 28 deduction under paragraph "a" by not subtracting any amount of
3 29 income resulting from the loan repayment assistance received
3 30 pursuant to section 256.232 that was also deducted by the
3 31 taxpayer under section 221 of the Internal Revenue Code.

3 32 c. A taxpayer is eligible to receive a deduction pursuant to
3 33 this subsection for not more than six consecutive tax years in
3 34 the taxpayer's lifetime.