HOUSE FILE 2679
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 2504)

(As Amended and Passed by the House April 4, 2024)

[= New Language by the House

* = Language Stricken by the House

A BILL FOR

An Act providing a deduction from the individual and corporate income taxes for the amount of certain income derived from indigent representation by an eligible law firm, and including retroactive applicability provisions.

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

Section 1. Section 422.7, Code 2024, is amended by adding the following new subsection:

NEW SUBSECTION. 44. *a.* As used in this subsection:

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

(2) *"Eligible case"* means an appointment on or after July 1, 2024, by an Iowa court of an eligible attorney to represent a person in a case pursuant to section 814.11 or 815.10.

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

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

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

Sec. 2. Section 422.35, Code 2024, is amended by adding the following new subsection:

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

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

(2) *"Eligible case"* means an appointment on or after July 1,

2024, by an Iowa court of an eligible attorney to represent a person in a case pursuant to section 814.11 or 815.10.

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

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

Sec. 3. RETROACTIVE APPLICABILITY. This Act applies retroactively to January 1, 2024, for tax years beginning on or after that date.