

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

**A BILL FOR**

1 An Act exempting from state income tax income received by a  
2 certified public accountant performing certain audits or  
3 examinations of governmental subdivisions, and including  
4 retroactive applicability provisions.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 11.6, subsection 2, Code 2024, is amended  
2 to read as follows:

3 2. a. A governmental subdivision contracting with certified  
4 public accountants shall do so in a reasonable manner on the  
5 basis of competence and qualification for the services required  
6 and for a fair and reasonable price utilizing procedures which  
7 include a written request for proposals.

8 b. Income received by a certified public accountant  
9 performing an audit or examination of a governmental  
10 subdivision pursuant to this section shall be exempt from  
11 taxation under section 422.7 or 422.33, as applicable.

12 Sec. 2. Section 422.7, Code 2024, is amended by adding the  
13 following new subsection:

14 NEW SUBSECTION. 44. Subtract, to the extent included,  
15 income received by a certified public accountant performing an  
16 audit or examination of a governmental subdivision pursuant to  
17 section 11.6.

18 Sec. 3. Section 422.35, Code 2024, is amended by adding the  
19 following new subsection:

20 NEW SUBSECTION. 14. Subtract, to the extent included,  
21 income received by a certified public accountant performing an  
22 audit or examination of a governmental subdivision pursuant to  
23 section 11.6.

24 Sec. 4. RETROACTIVE APPLICABILITY. This Act applies  
25 retroactively to January 1, 2024, for tax years beginning on  
26 or after that date.

27 EXPLANATION

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

30 This bill exempts from state income tax under Code sections  
31 422.7 (individual) and 422.35 (corporate), as applicable,  
32 income received by a certified public accountant performing an  
33 audit or examination of a governmental subdivision under Code  
34 section 11.6.

35 The bill applies retroactively to tax years beginning on or

S.F. \_\_\_\_\_ H.F. \_\_\_\_\_

1 after January 1, 2024.