



Fiscal Services Division

ADMINISTRATIVE RULES — FISCAL IMPACT SUMMARIES

February 5, 2024

Iowa Code section [17A.4\(4\)](#) requires the Legislative Services Agency (LSA) to analyze the fiscal impact of all administrative rules with an impact of \$100,000 or more and provide a summary of the impact to the Administrative Rules Review Committee (ARRC). Fiscal Impact Statements filed by State agencies can be found on our website at www.legis.iowa.gov/publications/fiscal/adminRulesFiscalImpact.

With each rule summary, the rulemaking type is indicated in parentheses following the ARC number. The acronyms have the following meanings: Notice of Intended Action (**NOIA**), Amended Notice of Intended Action (**ANOIA**), Notice of Termination (**NOT**), Adopted and Filed Emergency (**AFE**), Filed Emergency After Notice (**FEAN**), and Adopted and Filed (**AF**).

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Department of Transportation

ARC 7491C (NOIA)

Rule Summary Implements the following changes:

- Creates a new option for the Department to issue a single-trip permit for overweight loads in special or emerging situations pursuant to 2023 Iowa Acts, [Senate File 153](#) (Overweight Vehicle Permits, Special Circumstances Act).
- Establishes rules for certain entities to be eligible as a third-party commercial driver's license (CDL) and commercial learner's permit (CLP) tester pursuant to 2023 Iowa Acts, [House File 257](#) (Commercial Driver's License, Third-Party Testing Act).
- Incorporates Federal Drug and Alcohol Clearinghouse requirements for CDL applicants and applicant holds pursuant to 2023 Iowa Acts, [House File 258](#) (Commercial Driver's License, National Drug and Alcohol Clearinghouse Act).
- Adopts federal language for restricted CDL eligibility pursuant to 2023 Iowa Acts, [House File 335](#) (Commercial Driver's License Exemptions, Farm-Related Services Industries Act).
- Adds a date certain to applicable citations to [Title 49](#) of the Code of Federal Regulations pursuant to 2023 Iowa Acts, [House File 688](#) (Administrative Rules, Clean Up Act).

State or Federal Law Implemented: 2023 Iowa Acts, Senate File 153 (Overweight Vehicle Permits, Special Circumstances Act), 2023 Iowa Acts, House File 257 (Commercial Driver's License, Third-Party Testing Act), 2023 Iowa Acts, House File 258 (Commercial Driver's License, National Drug and Alcohol Clearinghouse Act), 2023 Iowa Acts, House File 335 (Commercial Driver's License Exemptions, Farm-Related Services Industries Act), and 2023 Iowa Acts, House File 688 (Administrative Rules, Clean Up Act); and 49 CFR 383 and 384.

Fiscal Impact **Agency Response:** No fiscal impact beyond any impact calculated by the Legislative Services Agency for the underlying legislation.

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LSA Response: The LSA concurs. The **Fiscal Note** for HF 258 estimated that the Department of Transportation (DOT) would retain \$22.2 million in federal highway funds in FY 2024 and \$44.4 million in FY 2025 and each year thereafter as a result of aligning with mandatory Federal Motor Carrier Safety Administration regulations.

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State Public Defender

ARC 7571C (AF)

Rule Summary Removes obsolete, outdated, inconsistent, and incompatible rules pursuant to 2023 Iowa Acts, Senate File 562 (FY 2024 Justice System Appropriations Act). The legislation increased the hourly rate for payment of claims from the Indigent Defense Fund for attorney and guardian ad litem fees and allowed payment for associated travel time in situations where payment had not been allowed prior to the legislative change.

State or Federal Law Implemented: Iowa Code sections 815.7(6), 815.7(7), 815.7(7A), 815.7A, and 2023 Iowa Acts, Senate File 562 (FY 2024 Justice System Appropriations Act).

Fiscal Impact **Agency Response:** The estimated annual cost of the increase in the hourly rate of the fees for attorneys and guardians ad litem will be approximately \$2.6 million. The estimated annual cost of the increase in travel time allowed will be approximately \$1.5 million.

LSA Response: The LSA concurs.

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Department of Revenue

ARC 7502C (AF)

Rule Summary Implements statutory changes to the retirement income exclusion from a partial to a full exclusion for qualifying taxpayers receiving distributions from qualifying plans. Identifies certain plans that qualify for the exclusion and defines how survivors with an insurable interest may qualify for the exclusion. Updates items of income that are required to be added back to Iowa taxable income to determine whether a taxpayer has a filing requirement, including eliminating excluded retirement income from the required add backs.

State or Federal Law Implemented: Iowa Code sections 422.5, 422.7, 422.13, and 422.16; 2022 Iowa Acts, House File 2317 (Income Tax Rate Reduction and Exemptions Act); 2022 Iowa Acts, House File 2552 (Department of Revenue Omnibus Act),.

Fiscal Impact **Agency Response:** No fiscal impact to the State of Iowa beyond that of the legislation it is intended to implement. Divisions IV through VI in the **Fiscal Note** for HF 2317 included income tax rate reductions and retirement income exclusions that are projected to reduce General Fund revenue by the following amounts:

- FY 2024 — \$482.0 million
- FY 2025 — \$666.8 million
- FY 2026 — \$1.227 billion
- FY 2027 — \$1.651 billion
- FY 2028 — \$1.690 billion

LSA Response: The LSA concurs.

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Department of Public Health

ARC 7367C (NOIA)

Rule Summary Sets forth the Department of Health and Human Services' procedures in administering the Grants to Counties program for the purpose of testing private water wells, reconstructing private water wells, and the proper plugging of abandoned private water wells within the jurisdiction of each county board of health.

State or Federal Law Implemented: Iowa Code sections 135.11 and 455E.11.

Fiscal Impact **Agency Response:** No fiscal impact.

LSA Response: The LSA concurs in part. Due to the increased flexibility in the administration of the program, any potential fiscal impact is unknown.

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Department of Public Safety

ARC 7276C (NOIA)

Rule Summary Readopts Chapter 502, which sets minimum standards for entry into the electrical profession and articulates the processes by which individuals apply for licensure as an electrician in the State of Iowa; provides for the categories of licenses and requirements for each license type; sets forth the terms and fees for the license types; and sets forth procedures for applying for a license, standards for obtaining a license, and potential bases for the denial of a license.

State or Federal Law Implemented: Iowa Code chapters 103 and 272C, and 2023 Iowa Acts, Senate File 514 (State Government Alignment Act).

Fiscal Impact **Agency Response:** No fiscal impact.

LSA Response: The LSA concurs. Electrician licensing fees previously paid to and administered by the Department of Public Safety have been transferred to the Department of Inspections, Appeals, and Licensing.

ARC 7331C (NOIA)

Rule Summary Readopts Chapter 265, which explains the safety standards that govern the sale of consumer fireworks, the circumstances under which consumer fireworks may be sold in the state, the application process and associated fees for a consumer fireworks retail sales license, and the requirements for wholesaler registration. The rules explain the Consumer Fireworks Fee Fund and the uses of the funds collected. The rules establish and explain the Local Fire Protection and Emergency Medical Service Providers Grant Program.

State or Federal Law Implemented: Iowa Code chapter 17A, Iowa Code sections 100.19 and 100.19A, 2023 Iowa Acts, Senate File 514 (State Government Alignment Act).

Fiscal Impact **Agency Response:** No fiscal impact.

LSA Response: The LSA concurs. Consumer fireworks retail seller licensing and wholesaler registration and associated fees previously administered by the Department of Public Safety have been transferred to the Department of Inspections, Appeals, and Licensing.

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Economic Development Authority

ARC 7493C (AF)

Rule Summary Increases the maximum Renewable Chemical Production Tax Credit for businesses that have been in operation for five years or more from \$500,000 to \$1.0 million. Removes the requirement that the Iowa Economic Development Authority (IEDA) maintain a wait list if demand for credits exceeds the annual allocation. Creates a competitive award process for the credit. Removes serine, threonine, and lysine as eligible chemicals to receive the credit. Extends the credit for renewable chemicals produced from the end of calendar year 2026 until the end of calendar year 2035.

State or Federal Law Implemented: Iowa Code sections 15.316, 15.317, 15.318, 15.319, and 15.320 and 2023 Iowa Acts, Senate File 575 (Economic Development Authority Policy Act).

Fiscal Impact **Agency Response:** No fiscal impact.

LSA Response: The LSA concurs. This rulemaking has no fiscal impact to the State beyond the legislation it is intended to implement. The Renewable Chemical Production Tax Credit is equal to \$0.05 per pound of renewable chemical produced. The IEDA may allocate up to \$5.0 million in credits each fiscal year. The **Fiscal Note** for SF 575 estimates a reduction in General Fund revenue by the following amounts:

- FY 2027 — \$400,000
- FY 2028 — \$1.1 million
- FY 2029 — \$2.1 million
- FY 2030 — \$2.7 million
- FY 2031 — \$3.0 million

ARC 7492C (AF)

Rule Summary Implements changes to multiple tax credit programs administered by the Iowa Economic Development Authority (IEDA). Extends the availability of the Hoover Presidential Library Tax Credit until the end of calendar year 2024. Increases the allocation of available Endow Iowa Tax Credits from \$6.0 million to \$13.0 million for tax year 2023. Specifies that the change to the maximum amount of tax credits granted to a taxpayer applies to endowment gifts made to an Endow Iowa-qualified community foundation on or after January 1, 2023. Changes the Workforce Housing Tax Incentives Program by adding construction of new dwelling units in urban areas as an eligible project type. Previously, greenfield development was an eligible project type in only small cities. Changes the Innovation Fund Tax Credit by removing the requirement for IEDA to establish a wait list for fiscal years in which the amount of tax credit certificates applied for exceeds the amount allocated. Extends the authority of IEDA to continue certifying new funds for the Innovation Fund Tax Credit until June 30, 2028, from June 30, 2023.

State or Federal Law Implemented: Iowa Code sections 15.353, 15E.52, 15E.305, and 15E.364; 2023 Iowa Acts, House File 703 (Hoover Tax Credit Extension Act); 2023 Iowa Acts, House File 710 (Sports Wagering Receipt and County Endowment Funds Act); 2023 Iowa Acts, Senate File 575 (Economic Development Authority Policy Act).

Fiscal Impact **Agency Response:** No fiscal impact.

LSA Response: The LSA concurs. This rulemaking has no fiscal impact to the State beyond the legislation it is intended to implement.

The **Fiscal Note** for HF 703 related to the Hoover Presidential Library Tax Credit estimated a reduction in General Fund revenue by \$560,000 in FY 2025 and \$38,000 annually from FY 2026 through FY 2030.

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The ***Fiscal Note*** for HF 710 related to Endow Iowa Tax Credits estimated a reduction in General Fund revenue by the following amounts:

- FY 2024 — \$2.8 million
- FY 2025 — \$2.1 million
- FY 2026 — \$400,000
- FY 2027 — \$200,000
- FY 2028 — \$100,000

Also estimated is a reduction in school district surtax collected by the following amounts:

- FY 2024 — \$71,000
- FY 2025 — \$54,000
- FY 2026 — \$11,000
- FY 2027 — \$5,000
- FY 2028 — \$2,000

The ***Fiscal Note*** for SF 575 estimated a reduction in General Fund revenue related to changes to the Innovation Fund Tax Credit by the following amounts:

- FY 2024 — \$100,000
- FY 2025 — \$1.3 million
- FY 2026 — \$3.2 million
- FY 2027 — \$2.9 million
- FY 2028 — \$4.4 million

The fiscal impact of changes to the Workforce Housing Tax Credit cannot be estimated due to a lack of data.

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