



## Fiscal Services Division

### ADMINISTRATIVE RULES — FISCAL IMPACT SUMMARIES

May 8, 2020

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 <https://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**).

#### Table of Contents

| Agency   | Page |
|--|------|
| Department of Inspections and Appeals/Racing and Gaming Commission | 1    |
| Iowa Public Employees' Retirement System                           | 2    |
| Department of Transportation                                       | 3    |

### Department of Inspections and Appeals/Racing and Gaming Commission

#### **ARC 5016C (AF)**

**Rule Summary** Provides a framework and guidance to all industry participants in sports wagering and fantasy sports contests, and protects the public by ensuring the integrity of licensed facilities and participants.

**State or Federal Law Implemented:** Iowa Code chapters 99D, 99E, 99F, and 2019 Iowa Acts, Senate File 617 (Sports Wagering Act).

**Fiscal Impact** **Agency Response:** The Commission will use existing budget and resources to implement these rules, including specific appropriations made during the 2019 Legislative Session for such purposes.

**LSA Response:** The LSA concurs. While the rulemaking itself does not have a fiscal impact, Senate File 617 does, as noted in the Fiscal Note for the Act. The Iowa Racing and Gaming Commission estimated that the Commission would need to hire 3.0 additional full-time equivalent (FTE) positions to manage the supervisory workload resulting from licensing entities to become sports wagering participants. During the 2019 Legislative Session, the General Assembly authorized the Commission to spend \$275,000 from the Gaming Regulatory Fund and add 3.0 additional FTE positions for sports wagering regulation upon enactment of the Act through 2019 Iowa Acts, House File 759 (Administration and Regulation Appropriations Act).

Additionally, one aspect of the implementation of the rulemaking involves a suspension of the collection of setoff debt through the garnishment of sports wagering and Internet fantasy contest sports winnings of \$1,200 or more due to a session delay approved by the Administrative Rules Review Committee on August 12, 2019. According to the Department of Administrative Services, it is not possible to estimate the fiscal impact of revenue collected from setoff procedures as a result of authorizing sports wagering and Internet fantasy sports contests. However, a Fiscal Note exploring the issue of setoff debt collection related to gambling-based taxable events was published for House File 2196.

# Administrative Rules — Fiscal Impact Summaries

May 8, 2020

2

## Iowa Public Employees' Retirement System

**ARC 5027C (AF)**

**Rule Summary** Revises existing rules by implementing the following changes:

- Conforms rules with other rules and statutes and rescinds rules that are outdated, redundant, inconsistent, or no longer in effect to meet the requirements of the statutory five-year rules review.
- Implements contribution rates for employers and regular and special service members beginning July 1, 2020.
- Reflects an Internal Revenue Service (IRS) requirement verifying citizenship status.
- Brings rules into compliance with the new federal legislation regarding mandatory distributions.
- Clarifies when a member's first month of entitlement begins.
- Changes the yearly multiplier to a quarterly multiplier as is current IPERS practice.
- Removes outdated language regarding average covered wages and clarifies the way in which a computed year of wages is calculated.
- Strikes obsolete language and adds necessary language regarding vesting by service.
- Clarifies that annual certifications of disability benefits are not necessary after a member meets IPERS' normal retirement age.
- Provides for the trial work period as allowed by federal disability benefits.
- Acknowledges that multiple doctors' appointments may not be able to be scheduled consecutively in the same day and that written notice will be the primary communication of appointment notification.
- Amends language to reflect current practice regarding precertification of medical eligibility for disability.
- Amends language to delineate the requirements for qualification for special service disability benefits.
- Emphasizes that IPERS designation of beneficiary forms may be filled out online through the IPERS website.
- Clarifies that when there is no proper or valid beneficiary to whom a death benefit is to be paid, then beneficiaries will be paid via the intestacy law of the State of Iowa.
- States the member receives the higher of two preretirement death benefit calculations.
- Clarifies the means of addressing the proper role of Social Security representative payees.

**State or Federal Law Implemented:** Iowa Code chapter 97B.

**Fiscal Impact** **Agency Response:** Contribution rate changes for all three classes of IPERS employees (Regular members, Sheriffs and Deputy Sheriffs, and Protection Occupation members) are reflected below:

- **Regular Members.** There is no change in the contribution rates from FY 2020 to FY 2021. The contribution rate remains at 15.73% (9.44% employer/6.29% employee).
- **Sheriffs and Deputy Sheriffs.** The contribution rates are decreasing by 0.50%, from 19.02% in FY 2020 to 18.52% for FY 2021. For Sheriffs and Deputy Sheriffs, contribution amounts are split 50/50 between employers and employees. The impact to covered employers and employees is an estimated savings of \$640,000 (\$320,000 employer and \$320,000 employee) annually.

| Estimated IPERS Contributions for Sheriffs and Deputy Sheriffs |                 |                     |                       |               |                     |                       |               |                   |                     |                  |
|--|-----------------|---------------------|-----------------------|---------------|---------------------|-----------------------|---------------|-------------------|---------------------|------------------|
|  |                 | FY 2020             |                       |               | FY 2021             |                       |               |                   |                     |                  |
| Employer Type  | Projected Wages | Member Contribution | Employer Contribution | Combined Rate | Member Contribution | Employer Contribution | Combined Rate | Member Difference | Employer Difference | Total Difference |
| County   | \$128,007,391   | \$12,173,503        | \$12,173,503          | 19.02%        | \$11,853,484        | \$11,853,484          | 18.52%        | (\$320,019)       | (\$320,019)         | (\$640,038)      |

- Protection Occupation.** The contribution rates are decreasing by 0.50%, from 16.52% in FY 2020 to 16.02% for FY 2021. For Protection Occupation members, contribution amounts are split 60/40 between employers and employees. The impact to covered employers and employees is an estimated savings of \$2.0 million (\$1.2 million employer and \$800,000 employee) annually.

| Employer Type | Projected Wages | FY 2020             |                       |               | FY 2021             |                       |               | Member Difference | Employer Difference | Total Difference |
|---------------|-----------------|---------------------|-----------------------|---------------|---------------------|-----------------------|---------------|-------------------|---------------------|------------------|
|               |                 | Member Contribution | Employer Contribution | Combined Rate | Member Contribution | Employer Contribution | Combined Rate |                   |                     |                  |
|               |                 | 6.61%               | 9.91%                 | 16.52%        | 6.41%               | 9.61%                 | 16.02%        |                   |                     |                  |
| State         | \$179,328,465   | \$11,853,612        | \$17,771,451          | \$29,625,063  | \$11,494,955        | \$17,233,466          | \$28,728,421  | (\$358,657)       | (\$537,985)         | (\$896,642)      |
| County        | \$119,818,574   | \$7,920,008         | \$11,874,021          | \$19,794,029  | \$7,680,371         | \$11,514,565          | \$19,194,936  | (\$239,637)       | (\$359,456)         | (\$599,093)      |
| City          | \$97,851,835    | \$6,468,006         | \$9,697,117           | \$16,165,123  | \$6,272,303         | \$9,403,561           | \$15,675,864  | (\$195,703)       | (\$293,556)         | (\$489,259)      |
| Other         | \$2,396,371     | \$158,400           | \$237,480             | \$395,880     | \$153,607           | \$230,291             | \$383,898     | (\$4,793)         | (\$7,189)           | (\$11,982)       |
|               | \$399,395,245   | \$26,400,026        | \$39,580,069          | \$65,980,095  | \$25,601,236        | \$38,381,883          | \$63,983,119  | (\$798,790)       | (\$1,198,186)       | (\$1,996,976)    |

**LSA Response:** The LSA concurs.

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**Department of Transportation**

**ARC 5017C (AF)**

**Rule Summary** Allows first-time offenders convicted of unlawfully passing a school bus to be eligible for the driver improvement program in lieu of a driver’s license suspension. Currently, first-time offenders’ driver’s licenses are suspended.

**State or Federal Law Implemented:** Iowa Code sections 321.210 and 321.372(3).

**Fiscal Impact** **Agency Response:** In FY 2019, the Department issued 492 driver’s license suspensions for a first offense of unlawfully passing a school bus. These individuals were assessed a \$200 civil penalty (Iowa Code section 321.218A) and were to pay a \$20 reinstatement fee (321.191) before the department would reissue the driver’s license. With this rulemaking, 492 individuals may now avoid a driver’s license suspension. This change will reduce revenue to the Juvenile Detention Home Fund by \$98,400 and reduce revenue to the Statutory Allocations Fund by \$9,840.

**LSA Response:** The LSA concurs.

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