



Fiscal Services Division

ADMINISTRATIVE RULES — FISCAL IMPACT SUMMARIES

June 4, 2021

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**).

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Department of Human Services

ARC 5597C (AF)

Rule Summary Provides additional guidance for providers, including home health services providers, Consumer Directed Attendant Care (CDAC) providers, and consumer choice options providers, related to electronic visit verification (EVV) for personal care services.

State or Federal Law Implemented: Iowa Code chapter 249A and the federal 21st Century Cures Act.

Fiscal Impact **Agency Response:** EVV implementation for personal care services will be completed via the managed care organizations (MCOs) and the approved contracted vendor to be in compliance with the mandate for the MCO population. There is no direct cost to the State. The fee-for-service (FFS) portion is estimated to cost the State \$5,000 in FY 2021, \$219,000 in FY 2022, and \$10,000 in FY 2023, with additional development costs in FY 2023 possible. Any additional development costs will likely draw a 90.00% federal match. Cost details include:

- The fee for FFS population compliance costs is greater than the noncompliance fee given the smaller FFS personal care services population, and will be deployed to be in compliance in the second phase. The noncompliance fee is estimated at \$5,000 in FY 2021 and \$15,000 in FY 2022. There could potentially be an additional fee of approximately \$10,000 for the first six months of FY 2023. The expectation is that FFS personal care will be implemented in the second phase in January 2023.
- Development costs for the FFS system are estimated at \$2.0 million for FY 2022, with a 90.00% federal match. There may also be development costs in FY 2023, but the amount is not yet known. Estimates were based on market research. Estimates for the noncompliance costs for personal care services in calendar year (CY) 2021 through 2023 were based on the FFS population currently receiving personal care services.

LSA Response: The LSA concurs.

ARC 5623C (NOIA)

Rule Summary Implements the Individual Placement and Support (IPS) Supported Employment (SE) evidence-based model within the Home- and Community-Based Services (HCBS) Habilitation Supported Employment services. Establishes the provider qualifications and

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implementation criteria applicable to the IPS SE providers and implements an outcome-based reimbursement methodology for IPS SE.

State or Federal Law Implemented: Iowa Code section 249A.4.

Fiscal Impact **Agency Response:** The fiscal impact cannot be determined because the degree to which providers/members will transition to IPS is not known. The initial cost for only IPS recipients is estimated at \$33,000 total (\$13,000 for the State share) but could grow to \$1.1 million total (\$420,000 for the State share) if all those currently receiving the traditional SE model transition to IPS. Based on the above, the annual State share cost is expected to be between \$13,000 and \$420,000, and likely closer to the low end at initial implementation.

LSA Response: The LSA concurs.

LSA Staff Contact: Jess R. Benson (515.281.4611) jess.benson@legis.iowa.gov

Office of the Chief Information Officer

ARC 5657C (NOIA) & ARC 5658C (AFE)

Rule Summary Implements House File 848 (Broadband Policy Act), which makes various changes to the Empower Rural Iowa Broadband Grant Program administered by the Office of the Chief Information Officer (OCIO).

State or Federal Law Implemented: 2021 Iowa Acts, HF 848 (Broadband Policy Act).

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

LSA Response: The LSA concurs in part. While the rulemaking itself does not have a fiscal impact, HF 848 allows the OCIO to use 2.5% of the moneys in the Empower Rural Iowa Broadband Grant Fund at the beginning of the fiscal year for expenses associated with the administration and operation of the Grant Program.

LSA Staff Contact: Maria Wagenhofer (515.281.5270) Maria.Wagenhofer@legis.iowa.gov

Department of Revenue

ARC 5612C (NOIA)

Rule Summary Implements 2020 statutory adjustments to income for Iowa individual and corporate income and franchise taxes for interest expense deductions which are limited for federal income tax purposes, but permitted in full for Iowa purposes for tax years beginning on or after January 1, 2020. Also covers adjustments that may be needed due to Iowa's changing conformity with these federal limitations for tax years 2018 and 2019.

State or Federal Law Implemented: 2020 Iowa Acts, chapter 1118; Iowa Code sections 422.7, 422.35, and 422.61.

Fiscal Impact **Agency Response:** No fiscal impact beyond the legislation the rulemaking is intended to implement. The final fiscal estimate for HF 2641 estimated reduced revenue of \$6.2 million for FY 2021, \$4.1 million for FY 2022, \$8.8 million for FY 2023, \$14.4 million for FY 2024, and \$16.7 million for FY 2025.

LSA Response: The LSA concurs.

ARC 5636C (NOIA)

Rule Summary Implements statutory changes to the total school tuition organization tax credits that may be authorized each calendar year. Also implements the statutory change that eliminated the cap on the percentage of total tax credits that could be approved each year for corporate taxpayers.

Makes updates to reflect recent legislative changes to the 2020 and 2021 tax credit caps and certain administrative terms, including the definition of “eligible student.”

Clarifies that the taxpayer must take the credit in the tax year in which the contribution is made.

State or Federal Law Implemented: Iowa Code section 422.11S; 2020 Iowa Acts, chapter 1118; 2019 Iowa Acts, chapter 152; and 2018 Iowa Acts, chapter 1161.

Fiscal Impact

Agency Response: No fiscal impact beyond the legislation the rulemaking is intended to implement.

LSA Response: The LSA concurs in part.

The amendments make updates to existing rules to incorporate legislation passed in 2018, 2019, and 2020.

The 2018 legislation increased the maximum annual School Tuition Tax Credit aggregate award amount to \$13.0 million per year and also increased the income threshold for student scholarship recipients from 300.0% to 400.0% of the federal poverty level. This legislation was projected to increase annual tax credit redemptions by \$1.0 million.

The 2019 legislation increased the aggregate award amount to \$15.0 million per year and also changed the tax credit award limit from one based on tax years to one based on calendar years. This legislation was projected to increase annual tax credit redemptions by \$1.7 million.

The 2020 legislation allowed for a 10.0% increase in the aggregate tax credit award amount if at least 90.0% of the previous year’s amount was awarded. Automatic increases were allowed until the aggregate limit reached \$20.0 million. The 2020 legislation also removed the 25.0% limit on corporate income tax credits. This legislation was projected to increase annual tax credit redemptions by \$1.0 million for FY 2023, \$2.5 million for FY 2024, \$4.1 million for FY 2025, and \$5.0 million for FY 2026 and after.