



Fiscal Services Division

ADMINISTRATIVE RULES — FISCAL IMPACT SUMMARIES

April 10, 2023

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 Human Services

ARC 6934C (AF)

Rule Summary Provides for a quality incentive payment program (QIPP) for non-state government-owned (NSGO) nursing facilities to promote, maintain, and improve quality of care and health outcomes. Identifies the criteria the NSGO nursing facility shall meet to qualify for participation in the program, with a goal to issue additional payments for quality of care above what is required by the Centers for Medicaid and Medicare (CMS).

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

Fiscal Impact **Agency Response:** This rulemaking has no fiscal impact to the State. However, there will be a fiscal impact to counties or other local governmental agencies as they will be responsible for providing the provider's State share of the add-on rate, which is completed through the Intergovernmental Transfers (IGT) process.

LSA Response: The LSA concurs. It is estimated that Iowa counties would pay up to \$1.5 million annually through IGTs to receive federal matching funds.

ARC 6937C (AF)

Rule Summary Raises the rate of reimbursement for rural home health agencies, behavioral health intervention services (BHIS), and applied behavior analysis (ABA) and raises the rate of reimbursement for Home- and Community-Based Services (HCBS) waiver and HCBS habilitation service providers.

State or Federal Law Implemented: Iowa Code chapter 249A; 2022 Iowa Acts, House File 2578 (FY 2023 Health and Human Services Appropriations Act); and American Rescue Plan Act (ARPA) of 2021.

Fiscal Impact **Agency Response:** During the 2022 Legislative Session, HF 2578 appropriated \$3.4 million to increase home health agency rates for providers operating in rural areas and to increase BHIS and ABA provider rates. As part of the implementation of the ARPA, Section 9817 related to HCBS, the Iowa Department of Human Services has designated \$14.6 million in State funds to increase HCBS waiver and habilitation

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reimbursement rates by 4.25%, for a total provider rate increase of approximately \$18.0 million in FY 2023.

LSA Response: The LSA concurs.

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Natural Resource Commission

ARC 6929C (AF)

Rule Summary Expands eligibility for lifetime trout fishing licenses to Iowa residents who qualify for the disabled veteran homestead tax credit. Establishes a new annual armed forces fishing license and a new annual armed forces hunting and fishing combined license for Iowa residents who have served in the armed forces of the United States on federal active duty. Establishes a \$5 fee for the two new armed forces licenses.

State or Federal Law Implemented: 2022 Iowa Acts, Senate File 581 (Antlerless Deer Act), and 2022 Iowa Acts, Senate File 2383 (Workforce Omnibus Act).

Fiscal Impact **Agency Response:** No fiscal impact. A copy of the fiscal impact statement is available from the Department of Natural Resources upon request.

LSA Response: The LSA concurs in part. While this rulemaking is not expected to have a fiscal impact on the State, SF 581 and SF 2383 are both expected to have fiscal impacts. The portion of SF 581 that relates to this rulemaking is estimated to reduce Fish and Wildlife Trust Fund revenue by \$1,400, while SF 2383 is estimated to reduce Fish and Wildlife Trust Fund revenue by approximately \$890,000.

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Department of Revenue

ARC 6947C (NOIA)

Rule Summary Rescinds a recently implemented rule that made all commercial recreation services subject to sales tax and replaces it with the text of the original rule that provides that commercial recreation services that are led by an instructor who has special training and who imparts guidance or knowledge to the participant at a level of knowledge or skill not known to an ordinary person engaging in the service are exempt from sales tax.

State or Federal Law Implemented: Iowa Code section 423.2.

Fiscal Impact **Agency Response:** This rulemaking reverses a recent rule change that had a fiscal impact of a \$5.0 million increase for sales tax and a \$0.8 million increase for local option sales tax (LOST) in FY 2024, increasing gradually thereafter due to inflation. Because this rulemaking reverses that rule change, this rulemaking will have the inverse fiscal impact, decreasing sales tax revenue by \$5.0 million in FY 2024.

LSA Response: The LSA concurs in part. Since this rulemaking is reverting back to the previous language related to the taxability of commercial recreation services, there is likely no fiscal impact compared to current sales tax collections for FY 2023. However, if the Department of Revenue collected sales tax on all commercial recreation services for the period in which the rule has been in effect and assuming the tax has been collected for half of FY 2023, there would be a decrease of \$2.0 million to the General Fund, \$0.4 million to the Secure an Advanced Vision for Education (SAVE) Fund, and \$0.4 million to LOST in FY 2024.

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Iowa Finance Authority

ARC 6956C (AF)

Rule Summary Creates the Housing Renewal Pilot Program and Housing Renewal Program Fund within the Iowa Finance Authority. Describes the operation of the Program by defining relevant terms, establishing requirements related to agreements, and establishing a reporting requirement. The legislation authorized the Authority to allocate funds to a nonprofit Iowa affiliate that is to award grants to eligible participants. The legislation defined eligible activities for Program funds as the acquisition, rehabilitation, and resale of ownership units; the acquisition and demolition of blighted structures; and the redevelopment of ownership units.

State or Federal Law Implemented: 2022 Iowa Acts, House File 2564 (FY 2023 Economic Development Appropriations Act).

Fiscal Impact **Agency Response:** This rulemaking has no known fiscal impact to the State of Iowa beyond that of the legislation it is intended to implement. 2022 Iowa Acts, HF 2564, created a new General Fund appropriation for FY 2023. Division III of HF 2564 appropriated \$500,000 to the Authority for the Housing Renewal Pilot Program. Division III of the Act also permits the Authority to use no more than 5.0% of the moneys allocated to the Housing Renewal Pilot Program for administration and oversight of the Program.

LSA Response: The LSA concurs.

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Iowa Public Employees' Retirement System

ARC 6949C (AF)

Rule Summary Rescinds and updates rules to meet the requirements of the statutory five-year review of rules, implements contribution rates for all classes of members, corrects an inaccuracy as to the assignment of the duty to establish funding policy, clarifies which earnings constitute reemployment earnings, increases consistency between similar rules and processes, and reflects current practice.

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

Fiscal Impact **Agency Response:** The Iowa Public Employees' Retirement System's enabling legislation requires that employer and employee contribution rates for each member class be updated every fiscal year. For FY 2024, there were no changes in the employer and employee contribution rates for Regular membership and the Protection Occupation group. The Regular membership contribution for both FY 2023 and FY 2024 is 15.73%, and for the Protection Occupation group, both the FY 2023 and FY 2024 contribution rates are 15.52%.

For FY 2024, the contribution rate for the Sheriffs and Deputies group is decreasing from 17.52% in FY 2023 to 17.02%. The total decrease is estimated to be approximately \$7.3 million, or \$3.6 million for both the employees' and the employers' groups.

LSA Response: The LSA concurs.

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