



Fiscal Services Division

ADMINISTRATIVE RULES — FISCAL IMPACT SUMMARIES

December 8, 2025

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**).

Table of Contents	
Agency	Page
Economic Development Authority	1
Department of Revenue	2
Department of Health and Human Services	3

Economic Development Authority

ARC 9670C (NOIA)

Rule Summary Establishes policies and procedures for the Seed Investor Tax Credit Program.

State or Federal Law Implemented: 2025 Iowa Acts, Senate File 657 (Economic Development Programs and Credits Act).

Fiscal Impact **Agency Response:** No fiscal impact beyond that of the legislation it is intended to implement.

LSA Response: The LSA concurs. The **Fiscal Note** for SF 657 estimated that the creation of the Seed Investor Tax Credit Program would decrease revenue to the General Fund by the following amounts:

- FY 2026 = \$2.6 million
- FY 2027 = \$3.1 million
- FY 2028 = \$3.4 million
- FY 2029 = \$3.4 million
- FY 2030 = \$3.5 million

Senate File 657 also allows the Iowa Economic Development Authority (IEDA) to establish a qualifying business application fee for the Seed Investor Tax Credit Program. The fee is set in the rulemaking at \$200 and is estimated to increase revenue to the IEDA by an average of \$600 each year.

ARC 9671C (NOIA)

Rule Summary Rescinds policies and procedures for the Investments in Qualifying Businesses Tax Credit, also known as the Angel Investor Tax Credit.

State or Federal Law Implemented: 2025 Iowa Acts, Senate File 657 (Economic Development Programs and Credits Act).

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

Administrative Rules — Fiscal Impact Summaries

December 8, 2025

2

LSA Response: The LSA concurs in part. This rulemaking has no fiscal impact beyond the legislation it is intended to implement. The **Fiscal Note** for SF 657 estimated an increase to General Fund revenue by the following amounts:

- FY 2027 = \$1.3 million
- FY 2028 = \$1.6 million
- FY 2029 = \$1.7 million
- FY 2030 = \$1.7 million
- FY 2031 = \$1.7 million

The **Fiscal Note** also estimated an increase to income surtax revenue for schools by the following amounts:

- FY 2027 = \$29,000
- FY 2028 = \$35,000
- FY 2029 = \$37,000
- FY 2030 = \$38,000
- FY 2031 = \$39,000

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Department of Revenue

ARC 9710C (AF)

Rule Summary Establishes rules for the regulation and taxation of devices as defined by Iowa Code section 453E.1(6). A device is any equipment or product, made in whole or in part of glass or metal, that is designed for use in inhaling through combustion tobacco, hemp, other plant materials, or a controlled substance. A device does not include a vapor product.

State or Federal Law Implemented: 2024 Iowa Acts, Senate File 345 (Paraphernalia Regulation Act), and Iowa Code chapter 453E.

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

LSA Response: The LSA concurs in part. This rulemaking has no fiscal impact beyond the legislation it is intended to implement. The **Fiscal Note** for SF 345 estimated the following fiscal impacts:

- An increase of approximately \$3.0 million each year to the Specialty Courts and Diversions Program Fund from a 40.0% excise tax on the sale of devices.
- An increase of \$50,000 each year to city and county general funds from the collection of device permit fees.
- A one-time cost of \$11,000 to the Iowa Department of Revenue for software updates related to device permits.

ARC 9745C (NOIA)

Rule Summary Allows financial institutions subject to the franchise tax to elect to file combined Iowa franchise tax returns with investment subsidiaries. Permits financial institutions that make an election to combine tax returns with an investment subsidiary to not add back expenses allocable to an investment subsidiary on their Iowa tax return. Makes conforming amendments to rules implementing the franchise tax credit.

State or Federal Law Implemented: 2024 Iowa Acts, Senate File 2442 (Individual Income Tax Rate Act), Division III.

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

LSA Response: The LSA concurs in part. The **Fiscal Note** of Senate File 2442 notes that a fiscal impact could not be determined due to a lack of information, as the Iowa Department of Revenue believes the law may result in either less or more franchise tax revenue to the General Fund, dependent on taxpayer actions that cannot be predicted.

Senate File 2442 allows the deduction of expenses allocable to investment in an investment subsidiary when calculating the franchise tax. When this provision was previously eliminated in 1995 Iowa Acts, chapter 193 (Franchise Tax on Financial Institutions Act), the estimated fiscal impact was an increase in tax revenue of approximately \$8.0 million annually to the General Fund.

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Department of Health and Human Services

ARC 9660C (NOIA)

Rule Summary Removes a disenrollment grace period for late Healthy and Well Kids in Iowa (Hawki) program premium payments to comply with federal legislation.

State or Federal Law Implemented: Iowa Code chapter 514I and the Consolidated Appropriations Act of 2023.

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

LSA Response: The LSA concurs in part. The Consolidated Appropriations Act requires Iowa to comply with mandatory continuous eligibility for children in the Children’s Health Insurance Program (CHIP) and Medicaid. The Iowa Department of Health and Human Services (HHS) submitted a State Plan Amendment (SPA) to the Centers for Medicare and Medicaid Services to make changes. The HHS has historically maintained continuous eligibility for children in Medicaid but not CHIP. The SPA included an estimated cost increase of approximately \$9.0 million in fiscal year 2025 to provide 12-month continuous eligibility to children enrolled in Hawki. Of this amount, the State portion is approximately \$2.3 million, and the federal portion is approximately \$6.7 million. These changes became effective April 1, 2024.

ARC 9673C (NOIA)

Rule Summary Increases foster care reimbursement rates by 5.0% over the rates in effect for FY 2025. Establishes the reimbursement rate to be paid to approved kinship caregivers.

State or Federal Law Implemented: 2025 Iowa Acts, House File 1049 (FY 2026 Health and Human Services Appropriations Act), and Iowa Code section 234.39.

Fiscal Impact **Agency Response:** No fiscal impact beyond that of the underlying legislation.

LSA Response: The LSA concurs. House File 1049 allocated approximately \$309,000 from the General Fund to increase foster care reimbursement rates by 5.0% over the rates in effect for FY 2025.

ARC 9763C (AF)

Rule Summary Reestablishes the conditions of eligibility for the Medicaid program under Iowa Code chapter 249A. Incorporates a modified adjusted gross income methodology based on federal tax rules, implements portions of the federal Patient Protection and Affordable Care Act, and implements the concept of reasonable compatibility for verifying resources and income. Restructures the chapter, dividing coverage groups into separate divisions based on categories of coverage. Raises the personal needs allowance for participants in the medical assistance program who are residents of facilities from \$50 to \$55.

Administrative Rules — Fiscal Impact Summaries

December 8, 2025

4

State or Federal Law Implemented: Iowa Code chapter 514I and sections 249A.3 and 249A.4; Title XIX of the federal Social Security Act; 42 C.F.R. §435 and §457; 2024 Iowa Acts, Senate File 2251 (Postpartum Coverage, Medicaid Act); and 2025 Iowa Acts, House File 1049 (FY 2026 Health and Human Services Appropriations Act).

Fiscal Impact

Agency Response: This rulemaking has no fiscal impact beyond the \$331,000 that was allocated to implement the personal needs allowance increase outlined in sections 18 and 19 of HF 1049.

LSA Response: The LSA concurs in part. The rulemaking also implements postpartum Medicaid changes as a result of SF 2251. The **Fiscal Note** for SF 2251 estimated an increase in State costs by approximately \$1.1 million in FY 2025, \$3.3 million in FY 2026, \$388,000 in FY 2027, and \$286,000 in FY 2028 and beyond.

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