



## Fiscal Services Division

### ADMINISTRATIVE RULES — FISCAL IMPACT SUMMARIES

December 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).

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### Department of Human Services

#### **ARC 5248C (AF)**

**Rule Summary** Makes various changes to implement the federal Family First Prevention Services Act. The Family First Prevention Services Act reforms the federal child welfare financing streams, including Title IV-E and Title IV-B of the Social Security Act, which provides services to families who are at risk of entering the child welfare system.

**State or Federal Law Implemented:** Iowa Code chapter 234.

**Fiscal Impact** **Agency Response:** The fiscal impact cannot be determined. There will be a cost associated with the implementation of the Family First Prevention Services Act. Costs include Department of Human Services (DHS) and provider implementation activities, accreditation and licensing of providers, and increased cost for services above what the Department is currently paying. The cost of these items is unknown given that implementation is still in process and the new services have not yet started. The Family First Prevention Services Act provides for 50.0% federal IV-E match for eligible services, but federal guidance has not been given on which services meet the criteria. As a result, the amount of the federal match and resulting State cost is also not known. In addition, access to high-quality prevention services should ultimately reduce the need for foster care services, but the timing and degree of those services is not yet known.

**LSA Response:** The LSA concurs.

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### Economic Development Authority

#### **ARC 5279C (NOIA)**

**Rule Summary** Implements the Ready Iowa Expanded Registered Apprenticeship Opportunities Program (Program) as established in House File 2629 (Future Ready Iowa Act) and directs the Iowa Economic Development Authority to establish Program definitions, eligibility, and application processes. The purpose of the Program is to encourage

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sponsors of apprenticeship opportunities with 20 or fewer apprentices to maintain programs in high-demand occupations.

**State or Federal Law Implemented:** Iowa Code chapter 15C.

**Fiscal Impact** **Agency Response:** No fiscal impact. No funds have been appropriated for the Program.

**LSA Response:** The LSA concurs in part. Currently, no appropriation or identified funding source has been allocated to the Program. The fiscal impact of the Program implementation cannot be determined at this time. If funds are appropriated, a maximum of 2.0% of the total appropriation may be utilized by the IEDA to cover administrative expenditures. The existing Registered Apprenticeship Development Program receives an annual General Fund appropriation of \$1.0 million.

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## Board of Educational Examiners

### ARC 5293C (NOIA)

**Rule Summary** Implements Senate File 2356 (Dyslexia Task Force Recommendations Act), which directs the Iowa Board of Educational Examiners to collaborate with the Iowa Reading Research Center (IRRC) to create a new dyslexia specialist endorsement for Iowa licensed teachers.

**State or Federal Law Implemented:** Iowa Code chapter 1048.

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

**LSA Response:** The LSA concurs in part. While the rulemaking itself does not have a fiscal impact, the IRRC has indicated that the estimated cost to develop the curriculum for the endorsement is \$250,000.

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## Department of Inspections and Appeals

### ARC 5265C (NOIA)

**Rule Summary** Requires the Department to establish rule packaging and labeling requirements for consumable hemp products. Also requires the Department to establish registration requirements for manufacturers and sellers of consumable hemp products, including standards for the revocation of registration.

**State or Federal Law Implemented:** 2020 Iowa Acts, House File 2581 (Hemp Consumer and Public Safety Act).

**Fiscal Impact** **Agency Response:** The DIA estimates total costs to amount to \$162,000 in the first year of implementation, and \$122,000 in the second year of implementation.

Expenses	Year 1	Year 2
Electronic Registration System Implementation	\$ 45,000	\$ -
Annual System Support and Maintenance	-	15,000
0.5 Clerk FTE Position	30,000	30,000
1.0 Environmental Specialist Senior FTE Position	72,000	72,000
Miscellaneous Expenses	15,000	5,000
<b>Total</b>	<b>\$ 162,000</b>	<b>\$ 122,000</b>

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**LSA Response:** The LSA concurs.

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## Department of Transportation

### **ARC 5244C (NOIA)**

**Rule Summary** Requires that a city shall still be responsible for providing, without cost to the Department, all necessary rights-of-way that involve dedicated streets or alleys. However, the proposed amendments to the subrules modify the requirement that a city may (instead of shall) be responsible for providing all necessary rights-of-way, which involves other city-owned lands, except parklands.

**State or Federal Law Implemented:** Iowa Code section 306.4 and 306.42.

**Fiscal Impact** **Agency Response:** The fiscal impact cannot be determined. The proposed amendments that may incur some fiscal impact to the Department and cities are subrules 150.2(1) and 150.3(1). The extent of future expenditure for the DOT will depend on three highly variable factors: the number of projects that would be likely to impact city land in any given period, the size and value of the parcels in question, and the decision of the impacted city on whether the city would choose to donate or negotiate a sale with the Department instead. Any fiscal impacts will require additional expenditure for the Department, and revenues for cities depends on how those three variables interact.

**LSA Response:** The LSA concurs.

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## Department of Revenue

### **ARC 5308C (AF)**

**Rule Summary** Implements changes made to the Adoption Tax Credit in HF 779 (2019 Tax Code Changes Act). The Adoption Tax Credit changes, retroactive to January 1, 2019, changed when taxpayers could claim adoption expenses that were not paid during the tax year of the adoption. Prior to tax year 2019, expenses that would have been paid for an adoption that occurred in a future tax year required the filing of an amended tax return for the tax year the expenses were paid. With the change, adoption expenses that were paid during a prior tax year but that were part of an adoption that was finalized after the close of the tax year in which the expenses were paid may be claimed on the tax return filed for the year the adoption was finalized.

**State or Federal Law Implemented:** Iowa Code section 422.12A.

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

**LSA Response:** The LSA concurs in part. The Fiscal Note for HF 779 concluded that the law change could have a minor negative impact on State General Fund revenue for a particular fiscal year or across several fiscal years.

### **ARC 5098C (AF)**

**Rule Summary** Implements 2019 Iowa Acts, chapter 152 (Tax Code Changes Act), which exempted grain bins and the materials used to build and repair grain bins from the sales/use tax.

**State or Federal Law Implemented:** Iowa Code section 423.3 and 2019 Iowa Acts, ch. 152.

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**Fiscal Impact**      **Agency Response:** No fiscal impact beyond that described in the Fiscal Note for the Act, which estimated a reduction in General Fund revenue of \$5.2 million in FY 2020, increasing to \$5.8 million by FY 2024.

**LSA Response:** The LSA concurs.

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