LSA LEGISLATIVE SERVICES AGENCY

Serving the Iowa Legislature

Fiscal Services Division

ADMINISTRATIVE RULES — FISCAL IMPACT SUMMARIES **May 7, 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**).*

Table of Contents

Department of Human Services

ARC 5540C (AF)

Rule Summary Implements the Kinship Caregiver Program, which provides a monthly State-funded payment to relatives of children in an effort to keep such children with family or kin rather than in nonrelative foster care. The Program allows relatives to receive a $300 monthly stipend for each child in their care for up to six months. Children in this Program will be considered to be in foster care, and the Department of Human Services (DHS) can draw down Title IV-E administrative costs for the average length of time it takes to license a foster family while relatives are pursuing foster care licensure.

State or Federal Law Implemented: Iowa Code chapter 234.

Fiscal Impact **Agency Response:** Children placed in the Program will be eligible for a total of six months of benefits. Given the current number of children placed with relatives, and accounting for a $300 per month stipend level, the DHS estimates a total cost of $2.1 million over the six-month stipend eligibility period.

LSA Response: The LSA concurs.

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

Department of Revenue

ARC 5590C (AF)

Rule Summary Creates a number of changes to the Iowa Solar Energy System Tax Credit rules of the Department of Revenue (DOR). The changes can generally be separated into two categories. The first category of changes includes updates that reflect current law, improve clarity and readability, and provide additional guidance on the administration of certain tax credit issues. The second category of changes revise the criteria used to determine whether a solar energy system constitutes a "separate and distinct solar installation" and therefore qualifies for the Iowa solar energy system tax credit. Rule amendments that may impact how the tax credit program is administered and what type of installations may qualify for the tax credits include:

- Updates to language describing the relationship among the Iowa Solar Energy System Tax Credit, the federal residential energy efficiency property credit, and the federal energy credit, including federal definitions and terms relevant to the Iowa tax credit.
- A table describing the relevant Iowa tax credit rates based on the applicable solar property involved, the calendar year in which construction begins, and the calendar year in which the property is placed in service.
- A description of the Department's treatment of solar installations that are used for both residential and business purposes.
- A description of the Department's treatment of business property solar installations that receive an Iowa tax credit and are later subject to a federal tax credit recomputation. Because the Iowa tax credit is a percentage of the applicable federal tax credit, recomputation of the Iowa tax credit is also required.
- Updates to the information required with an Iowa tax credit application.
- Additional information relating to the effect of the Iowa tax credit expiration on the waitlist. The Iowa Code calculates the Iowa tax credit in part as a percentage of applicable federal tax credits and provides that the approval of Iowa tax credit applications is contingent upon the availability of tax credits in that particular year. Likewise, the Department's current rules provide that after the final year the federal tax credit is available, no applications remaining on the waitlist will be carried over to the next year. This rule making further describes this tax credit limitation for both residential and business solar tax credit applications. Because the federal residential solar tax credit expires and is unavailable for Iowa purposes for installations completed after December 31, 2021, any Iowa residential solar tax credit application that does not receive a tax credit award by the time the 2021 aggregate award limitation is met shall expire. Because the federal business solar tax credit does not expire for Iowa purposes, and is available in any future year if construction on the installation begins prior to January 1, 2022, any Iowa business solar tax credit application that does not receive a tax credit award by the time the annual aggregate award limitation is met shall be carried over on the waitlist to future years and will be eligible to receive a tax credit award in a future year.
- A revision to criteria used to determine whether an installation is considered a "separate and distinct installation" from other installations that have received an Iowa solar energy system tax credit, and thus is eligible for an additional Iowa tax credit.

State or Federal Law Implemented: Iowa Code sections 422.11L, 422.33(29), and 422.60(12).

Fiscal Impact

Agency Response: These amendments have no fiscal impact beyond that of the legislation they are intended to implement.

LSA Response: The effect on tax credits of this rulemaking is unknown. The proposed amendments make changes that are potentially significant to the qualifications and administration of the Solar Energy System Tax Credit. The amendments are not made necessary by recent changes to State law, as the Solar Energy System Tax Credit has not been amended since 2017. The LSA does not have sufficient information available at this time to determine if the rule changes will significantly impact the qualification for tax credits or the redemption of tax credits.

Department of Education

ARC 5580C (NOIA)

Rule Summary

Provides guidance on therapeutic classrooms and telehealth services on school premises.

State or Federal Law Implemented: 2020 Iowa Acts, Senate File 2360 (Classroom Environment and Therapeutic Classrooms Act), 2020 Iowa Acts, Senate File 2261 (Telehealth in Schools Act).

Fiscal Impact

Agency Response: This rulemaking has a fiscal impact due to a related appropriation to implement Senate File 2360.

LSA Response: The LSA concurs. Although the rulemaking itself does not have a fiscal impact, the legislation associated with it does. Senate File 2360 included an appropriation of $2.6 million from the General Fund in FY 2022. This funding is allocated as follows:

- $500,000 for the Department of Education (DE) to develop, establish, and distribute standards, guidelines, and expectations relating to behavior in the classroom, restraint of a student, professional development relating to educating individuals in the least restrictive environment, and research-based intervention strategies.
- $1.6 million to the DE for the Therapeutic Classroom Incentive Fund.
- $500,000 to the DE for reimbursement funding to school districts for the transportation of students to therapeutic classrooms.

For more information, see the ***Notes on Bills and Amendments (NOBA)*** for SF 2360.

LSA Staff Contact: Lora Vargason (515.725.2249) lora.vargason@legis.iowa.gov

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School Budget Review Committee

ARC 5546C (AF)

Rule Summary

Allows the School Budget Review Committee (SBRC) to grant modified supplemental amounts (MSAs) for programs for at-risk students when a school district submits a request after January 15 but before March 1 of the budget year preceding the budget year during which the program will be offered.

State or Federal Law Implemented: 2020 Iowa Acts, chapter 1093 (School Budget Review Committee 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 to the State, any MSAs granted under the provisions of this rulemaking may increase local property taxes.

On January 29, 2021, the SBRC denied four school districts' late-filed requests for MSAs totaling $1.0 million for the 2020-2021 school year, which the ***Fiscal Note*** for the legislation implemented references.

On March 16, 2021, the SBRC approved two school districts' late-filed requests for MSAs totaling $325,000 for the 2021-2022 school year.

LSA Staff Contact: Michael Guanci (515.725.1286) michael.guanci@legis.iowa.gov

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