



Fiscal Services Division

ADMINISTRATIVE RULES — FISCAL IMPACT SUMMARIES

March 7, 2022

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	
Agency	Page
Iowa Finance Authority	1
Department of Inspections and Appeals/Racing and Gaming Commission	1
Department of Transportation	2
Iowa Public Employees' Retirement System	3
Department of Human Services	3

Iowa Finance Authority

ARC 6167C (FEAN)

Rule Summary Expands the types of assets eligible for a Beginning Farmer Tax Credit and allows eligible taxpayers to receive a tax credit for each agreement with a beginning farmer. Formerly, a taxpayer could only receive a single tax credit for all agreements. This rulemaking also proposes a change to the fee schedule for Beginning Farmer Tax Credit applications. The change to the fee schedule is prompted by Iowa Code section 16.81, which sets forth a fee schedule that shall remain in place on an interim basis until December 31, 2021, and repeals the schedule on January 1, 2022. Iowa Code section 16.82 requires that the Authority adopt rules to “impose, assess and collect application fees.”

State or Federal Law Implemented: Iowa Code section 16.81; 2021 Iowa Acts, SF 619.

Fiscal Impact **Agency Response:** Iowa Code section 16.81 established a temporary fee schedule for the Beginning Farmer Tax Credit Program and set a sunset date of January 1, 2022, for the fee schedule. It also allows the Iowa Finance Authority (IFA) to establish a new fee schedule by rule, provided that it follows the requirements of Iowa Code section 16.81(3).

LSA Response: The LSA concurs in part. Expanding the Beginning Farmer Tax Credit Program is projected to reduce General Fund revenue by \$0.7 million in FY 2023 and \$1.1 million in FY 2024, as indicated in the Fiscal Note for SF 619. Revenue from the updated fee schedule is expected to be less than \$100,000 per fiscal year, the Authority notes.

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Department of Inspections and Appeals/Racing and Gaming Commission

ARC 6169C (AF)

Rule Summary Removes any offering used to directly purchase a wager from the definition of sports wagering net receipts and also eliminates a rule that credits taxes back to the facility

from promotional play receipts that are received after the limit of \$25.8 million in promotional play receipts is reached. Senate File 619 removed promotional play receipts from the definition of sports wagering net receipts and amended the definition of adjusted gross receipts (AGR) to include all promotional play receipts on gambling games from the beginning of FY 2022 to the end of FY 2026. During this time period, a new tax rate is imposed on promotional play receipts each year with a complete phaseout of the tax on promotional play receipts by July 1, 2026 (FY 2027).

Makes other changes regarding risk assessments, license requirements and eligibility, coupled entries, advance deposit sports wagering operator requirements, allowable eligibility for claims, requirements for linking table games progressives, reserves, written reports, sports wagering payout hours and signage, and certain account operation requirements. Implements House File 513 related to wagering on horse or dog races licensed in a foreign jurisdiction.

State or Federal Law Implemented: Senate File 619 and House File 513.

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

LSA Response: The LSA concurs in part. The Fiscal Note for Senate File 619 estimated that tax revenue to the Sports Wagering Receipts Fund would be reduced by approximately \$1.0 million annually in FY 2022 through FY 2025 and \$1.1 million annually in FY 2026 and FY 2027.

The Fiscal Note also estimated that the phaseout of the tax on promotional play receipts would result in an estimated reduction in State wagering taxes beginning in FY 2022 of \$4.3 million and increasing to \$25.8 million by FY 2027. State wagering taxes are distributed to State programs and cities and counties with domiciled casinos, and the Fiscal Note includes the breakdown for estimated revenue reduction.

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Department of Transportation

ARC 6168C (AF)

Rule Summary Authorizes the Department of Transportation (DOT) and county treasurer locations offering the commercial driver's license (CDL) skills test to charge fees for that service. The test is comprised of three parts: the pre-trip vehicle inspection test, the basic vehicle control skills test, and the on-road driving skills test. The authorized skills test charges include:

- A nonrefundable \$25 fee to schedule the pre-trip segment of a skills test administered by the DOT.
- A nonrefundable \$25 fee for each segment of the three-part skills test administered by a county treasurer location.

An exception to the fee is made for CDL applicants who are employed by or volunteer for a government agency. Fees paid to the DOT are deposited in the Statutory Allocations Fund. Fees paid to a county treasurer location will be retained in the county's general fund.

State or Federal Law Implemented: 2021 Iowa Acts, House File 828, section 5 and section 6.

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

LSA Response: The LSA concurs in part. The new fees are estimated to increase revenue to the Statutory Allocations Fund by \$203,000 and increase revenue to county general funds by \$165,000 annually. This estimate assumes all applicants who take the

CDL driving skills test pass each component on their first attempt. The number of applicants working for a government entity who are eligible to pay reduced or no fees for a skills test is unknown, and therefore those exemptions are not included in this estimate.

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Iowa Public Employees' Retirement System

ARC 6215C (AF)

Rule Summary Conforms with other rules and statutes or rescinds rules that are outdated, redundant or inconsistent, or no longer in effect to meet the requirements of the statutory five-year review of rules for Chapters 21 to 33; implements contribution rates for all classes of members; clarifies that all Regents institutions are covered by subrule 5.2(40), as universities also have optional coverage; allows IPERS to initiate investigations of suspected fraud in disability claims under Iowa Code section 97B.50A, even in the absence of a written complaint; aligns subrule 13.2(14) with SF 342 (Public Safety Omnibus Act, 2021), enacted in the 89th General Assembly and subsequently signed by the Governor; reinstates a rule that was inadvertently deleted in a prior rules package; provides a process for successor alternate payees to disclaim their benefit; and clarifies signature requirements for mandatory Qualified Domestic Relations Orders.

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

Fiscal Impact **Agency Response:** IPERS' enabling legislation requires that employer and employee contribution rates for each member class be updated every fiscal year. For FY 2023, 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 2022 and FY 2023 is 15.73%, and for the Protection Occupation group, the FY 2022 and FY 2023 contribution rate is 15.52%.

For FY 2023, the contribution rate for the Sheriffs and Deputies group is decreasing from 18.02% in FY 2022 to 17.52% in FY 2023. The total decrease is estimated to be approximately \$680,000 or \$340,000 for both the members' and the employers' groups.

LSA Response: The LSA concurs.

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Department of Human Services

ARC 6195C (AF)

Rule Summary Implements the following changes related to the Mental Health and Disability Services (MHDS) Regional Incentive Fund:

- Implements the process for a region to apply for funds.
- Establishes the criteria for eligibility for the Fund.
- Sets time frames for review and approval of applications and establishes reporting and financial review requirements.

State or Federal Law Implemented: Iowa Code section 225C.7A.

Fiscal Impact **Agency Response:** Senate File 619 (FY 2022 Taxation and Other Provisions Act) appropriated \$3.0 million from the General Fund to the Incentive Fund for FY 2022. The amount of Incentive Fund expenditures is not yet known. Any additional expenditures in year 1 or year 2 will be funded by the MHDS regions.

LSA Response: The LSA concurs.

Administrative Rules — Fiscal Impact Summaries

March 7, 2022

4

ARC 6209C (NOIA)

Rule Summary Implements the new child care assistance (CCA) exit child care program. This new program provides CCA funding for families with income above 225% of the federal poverty level (FPL) up to 250% of the FPL, or up to 275% of the FPL for families with special needs children.

State or Federal Law Implemented: Iowa Code section 234.6.

Fiscal Impact **Agency Response:** The Department estimates that seven children will be added to the program each month beginning July 1, 2022. The average estimated monthly cost per child for CCA Plus is approximately \$414 for FY 2023. The Department also estimates that an average of 45.5 children will be served for FY 2023, and an average of 129.5 children will be served for FY 2024. This would result in costs for FY 2023 of approximately \$226,000 and costs for FY 2024 of approximately \$643,000. Based on current Department estimates, the cost for implementing this program can be funded by the current Child Care Development Fund balance through FY 2026 without increasing the current State General Fund appropriation.

LSA Response: The LSA concurs.

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