



Fiscal Services Division

ADMINISTRATIVE RULES — FISCAL IMPACT SUMMARIES

April 4, 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
Department of Human Services	1
Department of Administrative Services	1
Department of Revenue	2
Department of Transportation	2

Department of Human Services

ARC 6237C (AF)

Rule Summary Implements the following changes related to Mental Health and Disability Services (MHDS) regional funding:

- Amends MHDS regional finance rules to describe the requirements and process for regions to certify with the Department the amount of the ending fund balance from the previous year. Ending balance limitations and supplemental payment withholdings are defined.
- Implements the criteria and reporting instructions for eligible financial encumbrances.
- Revises the Regional Incentive Fund rules to include linkages to performance-based contract criteria. The amendments outline the requirements and goals for performance-based contracts between the Department and the MHDS regions.

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

Fiscal Impact **Agency Response:** Payments from the MHDS Regional Services Fund will be based on the per capita funding levels authorized in SF 619 (FY 2022 Taxation and Other Provisions Act). The FY 2023 standing appropriation is \$121.2 million. Senate File 619 also appropriated \$3.0 million to the Regional Incentive Fund for SFY 2022. Future Incentive Fund revenues cannot be estimated at this time due to the uncertainty of future county fund balances and the amounts that counties will be required to send back to the Fund.

LSA Response: The LSA concurs.

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Department of Administrative Services

ARC 6263C (AF)

Rule Summary Increases the noncompetitive purchasing threshold for State agencies by the following amounts:

- From \$1,500 to \$15,000 for non-master agreement goods.

Administrative Rules — Fiscal Impact Summaries

April 4, 2022

2

- From \$5,000 to \$15,000 for non-master agreement services from private entities.

Specifies that agencies are allowed to procure non-master agreement goods up to \$50,000 per transaction in a competitive manner using either informal or formal competition. Makes other conforming changes related to the threshold increase.

State or Federal Law Implemented: Iowa Code sections [8A.104](#), [8A.311](#), [17A.3](#), and [17A.4](#).

Fiscal Impact **Agency Response:** It is impossible to determine the overall fiscal impact of the various procurements of goods and services completed by different agencies under these proposed amendments.

LSA Response: The LSA concurs. The fiscal impact cannot be determined at this time.

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Department of Revenue

ARC 6240C (AF)

Rule Summary Implements statutory changes to the Tuition and Textbook Tax Credit maximum credit calculation and credit eligibility. 2021 Iowa Acts, chapter [139](#), increases the maximum tax credit amount from 25.0% of the first \$1,000 of eligible expenses to 25.0% of the first \$2,000 of eligible expenses. The legislation also expands eligibility for the credit to taxpayers whose dependents receive their education through private instruction. The rule making also clarifies that an expense item must be required by an elementary or secondary school in Iowa to qualify for the credit.

State or Federal Law Implemented: Iowa Code section [422.12\(2\)\(b\)](#) and 2021 Iowa Acts, chapter [139](#), sections 7 and 8.

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 [HF 847](#) projected that the expansion of the Tuition and Textbook Tax Credit will reduce General Fund annual revenue by \$11.1 million, beginning FY 2022.

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Department of Transportation

ARC 6220C (AF)

Rule Summary Increases the threshold for the cost of repair of a damaged motor vehicle for the vehicle to be considered wrecked or salvage from 50.0% to 70.0% of the fair market value. Clarifies the process for when a damage disclosure statement that is separate from the damage disclosure on the assignment of title will be accepted from a transferor or transferee of the vehicle. Updates parenthetical implementation statutes and removes bureau names.

State or Federal Law Implemented: Iowa Code section [321.52](#) and 2021 Iowa Acts, Senate File [230](#), section 1.

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

LSA Response: The LSA concurs in part. The increased threshold for issuing a salvage title is estimated to decrease State revenues by \$290,000 per year, which would decrease revenue to the Road Use Tax Fund (RUTF) and the Iowa Law

Administrative Rules — Fiscal Impact Summaries

April 4, 2022

3

Enforcement Academy (ILEA) by an even amount. Revenue for local law enforcement agencies that perform the examinations related to the issuance of a salvage title is estimated to decrease by \$1.2 million per year. Revenue to counties that perform the examinations is estimated to decrease by \$73,000 per year.

The Department of Transportation estimated an additional \$7,000 for labor costs associated with information technology development, which would be funded with the Department's existing resources.

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