



Fiscal Services Division

ADMINISTRATIVE RULES — FISCAL IMPACT SUMMARIES

May 9, 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**).

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Department of Human Services

Rule Summary Establishes rules for the new Quality Rating System (QRS) program. **ARC 6277C (AF)** The QRS program has been redesigned and rebranded as Iowa Quality for Kids (IQ4K). The new program involves more stringent eligibility criteria at each level of the program that providers must meet. Increases in the achievement bonuses help cover the additional costs to the providers and offer financial incentives for providers to invest the time, effort, and moneys to meet the criteria being asked of them. The program continues to be voluntary, and the Department's goal is to improve the quality of care from child care providers. The current rules in effect will continue to support the previous QRS program until the program sunsets on March 31, 2024. The new rules for IQ4K will apply for all child care programs applying to the new QRS program. Child care programs will not be able to apply to the previous QRS program once the new rules are in effect.

State or Federal Law Implemented: Iowa Code section 237A.30.

Fiscal Impact **Agency Response:** The increase in the achievement bonuses to be awarded are to be funded with American Rescue Plan Act (ARPA) funds from April 1, 2022, through September 20, 2023, which is the end of the obligation period for the ARPA funds. After that, the anticipated ongoing balance of federal Child Care Development Funds (CCDF) is expected to cover the cost through at least State fiscal year 2026 based on status quo funding.

LSA Response: The LSA concurs.

Rule Summary Implements the new child care assistance (CCA) exit child care program. This new program provides CCA funding for families with incomes above 225.0% of the federal poverty level (FPL) up to 250.0% of the FPL, or up to 275.0% of the FPL for families with special needs children. **ARC 6309C (AF)**

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

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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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Department of Revenue

ARC 6267C (AF)

Rule Summary Implements 2021 Iowa Acts, chapter 176, which creates a new Hoover Presidential Library Tax Credit for donations made to the Hoover Presidential Foundation for the Hoover Presidential Library and Museum Renovation Project Fund. The credit is equal to 25.0% of the amount of a qualified donation made on or after July 1, 2021, and during tax years beginning on or after January 1, 2021, but before January 1, 2024. The Economic Development Authority authorizes and controls the distribution of tax credits. The aggregate amount of tax credits that the Economic Development Authority may authorize is \$5.0 million. These rules describe requirements for claiming the tax credit, including tax credit certificate issuances, carryforward, and other claim restrictions and requirements.

State or Federal Law Implemented: 2021 Iowa Acts, chapter 176.

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

LSA Response: The LSA concurs. The Fiscal Note for HF 588 projected that tax credit redemptions will total \$2.2 million in FY 2022 and \$1.6 million in FY 2023, with an additional \$0.7 million spread over the following four fiscal years.

ARC 6315C (NOIA)

Rule Summary Amends subrule 68.2(1) to adjust the excise tax rate on biodiesel blended fuel rated B-11 or higher from 30.4 cents per gallon (ending June 30, 2022) to 30.1 cents per gallon (beginning July 1, 2022) pursuant to the formula prescribed by Iowa Code section 452A.3. The distribution percentage for biodiesel blended fuel rated B-11 or higher for calendar year 2021 is 57.75%, a decrease from 2020's distribution percentage of 61.49%. As a result, in FY 2023, the excise tax rate for biodiesel blended fuel rated B-11 or higher will decrease as noted above. Tax rates for all other fuel types will remain unchanged for FY 2023.

State or Federal Law Implemented: Iowa Code section 452A.3.

Fiscal Impact **Agency Response:** Under the excise tax rates applicable for FY 2023 as proposed in this rulemaking and as required by statute, it is estimated that, accounting for refunds, collections will be \$142.43 million, resulting in a decrease of \$1.42 million in revenues.

LSA Response: The LSA concurs. The decrease in the excise tax rate is estimated to decrease revenues to the Road Use Tax Fund by \$1.42 million annually beginning in FY 2023.

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Department of Human Services

ARC 6313C (NOIA)

Rule Summary Clarifies that payment for dental services under the Medical Assistance Program will be made for emergency services as defined in federal regulation and sets an annual benefit maximum for members 21 years of age or older of \$1,000 per State fiscal year for coverage of dental services. Preventive, diagnostic, emergent, anesthesia, removable dentures and related services do not count toward the annual benefit amount.

State or Federal Law Implemented: Iowa Code section 249A.4.

Fiscal Impact **Agency Response:** This change is estimated to save the State \$695,000 in FY 2022 and \$762,000 in FY 2023. This change is already in effect and savings have been incorporated into the Medical Assistance budget.

LSA Response: The LSA concurs.

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