



Fiscal Services Division

ADMINISTRATIVE RULES — FISCAL IMPACT SUMMARIES

September 5, 2023

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 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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Economic Development Authority

ARC 7057C (AF)

Rule Summary Establishes an Employer Child Care Tax Credit equal to the proportion of the federal employer-provided child care tax credit for which the employer was eligible in the same tax year attributable to expenditures made in Iowa. The aggregate amount of tax credits authorized annually is \$2.0 million. Describes how the proportion of the federal credit attributable to expenditures in Iowa will be calculated and outlines the application process for the credit.

State or Federal Law Implemented: 2022 Iowa Acts, House File 2564, Division V (FY 2023 Economic Development Appropriations Act).

Fiscal Impact **Agency Response:** No fiscal impact beyond that of the legislation the rulemaking seeks to implement.

LSA Response: The LSA concurs. The **Notes on Bills and Amendments** for HF 2564 estimates a decrease in revenue to the General Fund of \$40,000 in FY 2023, \$800,000 in FY 2024, and \$740,000 in FY 2025.

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Administrative Rules — Fiscal Impact Summaries

September 5, 2023

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Department of Revenue

ARC 7054C (NOIA)

Rule Summary Transitions the setoff program from the Department of Administrative Services (DAS) to the Iowa Department of Revenue (IDR). Requires that public agencies submitting debt to the program enter into a memorandum of understanding with the IDR; sets forth details about debt balances and notifications of changes of such balances; describes challenge processes and requests for division of the setoff payment; contemplates a transition period; and provides an explanation and examples about the fee paid by public agencies for use of the setoff system.

State or Federal Law Implemented: 2020 Iowa Acts, ch 1064 (Debts Owed to Public Agencies – Setoff Procedures Act).

Fiscal Impact **Agency Response:** No fiscal impact. There is no cost to the State other than the costs that result from the statute and the need for the IDR to develop a system to operate the setoff program as a result of the statute. Development of the system is well underway. Additionally, Iowa Code section 421.65 requires that public agencies pay a fee for the use of the setoff system. Details regarding the fee and the fee amount are set forth in the rulemaking.

LSA Response: The LSA concurs. The \$7 setoff fee is estimated by the IDR and the DAS to generate \$763,000 of revenue in FY 2024. This fee structure is the same as it existed when the Centralized Collection Unit was under the DAS. The rulemaking is not expected to increase the overall costs to the General Fund.

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Department of Education

ARC 7061C (AF) & ARC 7024C (AFE)

Rule Summary Provides definitions, sets eligibility requirements and application procedures, and provides for administration of and accountability for the Education Savings Account (ESA) Program.

State or Federal Law Implemented: 2023 Iowa Acts, House File 68 (Education Savings Account Act).

Fiscal Impact **Agency Response:** This rulemaking has a fiscal impact to the State of Iowa, as described in the **Fiscal Note** for HF 68. Additionally, fiscal impacts remain contingent on the number of eligible individuals who use an ESA to enroll in an accredited nonpublic school.

LSA Response: The LSA concurs. This rulemaking has no fiscal impact to the State of Iowa beyond the legislation it seeks to implement. The **Fiscal Note** for HF 68 estimates a cost to the General Fund of \$878.8 million from FY 2024 to FY 2027. It is anticipated that the number of ESAs for FY 2024 will be available in October 2023, when final nonpublic enrollment numbers are released.

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