



Fiscal Services Division

ADMINISTRATIVE RULES — FISCAL IMPACT SUMMARIES

December 7, 2018

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 Restores a three-month retroactive Medicaid coverage benefit for a Medicaid applicant who is otherwise Medicaid-eligible and is a resident of a nursing facility licensed under Iowa Code chapter 135C. **ARC 4106C (NOIA)**

State or Federal Law Implemented: Iowa Code section 249A.4 and 2018 Iowa Acts, Senate File 2418 (FY 2019 Health and Human Services Appropriations Act).

Fiscal Impact **Agency Response:** This change is estimated to cost the State \$140,000 in FY 2019 and FY 2020. Funding was provided as part of SF 2418.

LSA Response: The LSA concurs.

Rule Summary Makes the following changes to the Developmental Disabilities Basic State Grant: **ARC 4111C (AF)**

- Updates references to the federal authorizing legislation.

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- Removes prescriptive language that mirrors the federal legislation and replaces it with references to the legislation.
- Brings contracting language into conformity with current Iowa Code and administrative rules.
- Updates the name of the Iowa Developmental Disabilities (DD) Council.

State or Federal Law Implemented: Iowa Code section 225C.6 and 42 U.S.C. §144.

Fiscal Impact **Agency Response:** No fiscal impact. There are no additional costs to the regulated community or the State as a whole. The DD Council staff has reviewed the changes and agreed that this rule making will not affect the operation of the DD Council or its responsibilities. The Council's constituents and the general public are not expected to see any changes.

LSA Response: The LSA concurs.

Rule Summary **ARC 4112C (AF)**
Updates rules to require consideration of public and private health care coverage when determining medical support, amends language to match the recently changed language in Iowa Code chapter 252E, and updates the criteria and procedures for amending the amount to be withheld from the obligor's income to pay a child support delinquency when such amount is based on the hardship criterion. Expands the time frame when an obligor may request an amendment of the amount to be withheld from the obligor's income due to hardship, allows the Child Support Recovery Unit (CSRU) to periodically review the amount withheld as payment toward a delinquency when such amount was granted on the grounds of hardship, increases the minimum amended amount to be withheld from \$5 to \$15, and clarifies that the hardship criterion may only be applied to cases where only a delinquency is due.

State or Federal Law Implemented: Iowa Code chapters 252D and 252E and 45 C.F.R. §303.31.

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

LSA Response: The LSA concurs.

Rule Summary **ARC 4113C (AF)**
Adds a requirement that employees, operators, owners, or other persons who perform duties for a children's residential facility shall make a report whenever they reasonably believe a child for whom the facility is providing care has suffered abuse.

State or Federal Law Implemented: Iowa Code section 217.6 and 2018 Iowa Acts, ch. 1113.

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

LSA Response: The LSA concurs.

Rule Summary **ARC 4114C (AF)**
Prohibits persons convicted of specific misdemeanors and felonies from involvement with child care. A person will also be prohibited if the person refuses to participate in a record check evaluation or makes what the person knows to be a false statement of material fact in connection with a conviction.

State or Federal Law Implemented: Iowa Code chapter 237A; 2018 Iowa Acts, ch. 1113; and 45 CFR 98.

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

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LSA Response: The LSA concurs.

ARC 4115C (AF)

Rule Summary Increases the Child Care Assistance (CCA) half-day rate ceilings utilizing the directive and funding from 2018 Iowa Acts, chapter 1165 (FY 2019 Health and Human Services Appropriations Act). Also makes a technical correction. Some rates remain the same, and others range between the 50th and 75th percentile of the 2017 Market Rate Survey, depending on the providers' participation and score on the voluntary Quality Rating System (QRS).

State or Federal Law Implemented: Iowa Code section 234.6 and 2018 Iowa Acts, ch. 1165.

Fiscal Impact **Agency Response:** The total annual cost increase is \$7.7 million, which is the estimate for State fiscal year (SFY) 2020. The half-year cost estimate for SFY 2019 is \$3.8 million.

Broken out by funding stream, the annual cost increase for the infants and toddlers served by providers participating in the QRS is \$1.7 million and is funded by the increase in federal Child Care Development Block Grant (CCDBG) funds. The half-year cost increase for SFY 2019 funded by the increase in federal CCDBG funds is then \$870,684.

The remaining cost increase is funded by the State general funds appropriated for SFY 2019. The annual cost is estimated to total \$5.9 million, and the half-year cost for SFY 2019 equals \$3.0 million.

The rate increases will result in child care providers being paid more for the services they provide to CCA-eligible families.

LSA Response: The LSA concurs.

ARC 4126C (NOIA)

Rule Summary Requires that an independent certified public accountant or an independent accounting firm must complete the financial and statistical report required for juvenile detention home reimbursement.

State or Federal Law Implemented: Iowa Code section 234.6.

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

LSA Response: The LSA concurs.

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Department of Agriculture and Land Stewardship

ARC 4138C (AF)

Rule Summary Increases the testing fee for an individual sample of agricultural lime from \$25 to \$60. The testing fee has not been increased since 1988. The amendment also reduces the number of samples that must be taken.

State or Federal Law Implemented: Iowa Code section 201A.5.

Fiscal Impact **Agency Response:** Minimal fiscal impact. There are 181 samples tested per year for a total increase in fee revenue of \$6,335. The fees are deposited into the General Fund.

LSA Response: The LSA concurs.

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Auditor of State

ARC 4125C (NOIA)

Rule Summary Amends existing rules as part of the Office's five-year comprehensive rulemaking review. Specifically amends existing rules to reflect the Office's current organizational structure of the three internal divisions, and removes outdated and redundant rules to reflect various changes to the Iowa Code.

State or Federal Law Implemented: Iowa Code sections 11.31 and 17A.3.

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

LSA Response: The LSA concurs.

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Department of Commerce/Utilities Division

ARC 4120C (AF)

Rule Summary Clarifies tariff filing obligations, cost standards, and cost support for competitive local exchange service providers.

State or Federal Law Implemented: Iowa Code sections 476.2, 476.11, 476.15, 476.100, and 476.101.

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

LSA Response: The LSA concurs.

LSA Staff Contact: Angel A. Banks-Adams (515.281.6301) angel.banks-adams@legis.iowa.gov

Economic Development Authority

ARC 4110C (AF)

Rule Summary Adopts rules related to the implementation of HF 2458 (Workforce Training and Education, Future Ready Iowa Act). The Act created, among other things, the Future Ready Iowa Registered Apprenticeship Development Program for small- and medium-sized apprenticeship sponsors. The proposed rules contain a purpose statement, definitions, program description, eligibility and application requirements, application review and scoring criteria, and a requirement that an agreement be signed for receipt of financial assistance.

State or Federal Law Implemented: HF 2458 (Workforce Training and Education, Future Ready Iowa Act).

Fiscal Impact **Agency Response:** A new General Fund appropriation of \$1.0 million was provided for in HF 2493 (FY 2019 Economic Development Appropriations Act).

LSA Response: The LSA concurs.

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Department of Inspections and Appeals

ARC 4139C (AF)

Rule Summary Amends definitions to be consistent with the current Food Code issued by the federal Food and Drug Administration (FDA) and modifies fees and penalties.

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State or Federal Law Implemented: Iowa Code section 10A.104; Iowa Code chapters 137C, 137D, and 137F; 2018 Iowa Acts, Senate File 2390 (Licensure of Food Establishment Act).

Fiscal Impact **Agency Response:** The Legislative Services Agency estimated an increase in revenue to the General Fund of approximately \$1.2 million annually due to the fee increases approved in 2018 Iowa Acts, Senate File 2390 (Fiscal Note, May 2, 2018).

LSA Response: The LSA concurs. Estimated new fee revenue to the State General Fund under 2018 Iowa Acts, Senate File 2390, is as follows:

Estimated New Fee Revenue Under SF 2390

Food Establishment	Fee Type	New Fee Revenue
Hotel Food Sites	License	\$ 15,000
Home Bakeries	License	25,000
Food Service Establishments	License	454,050
Temporary Foods	Application	30,000
Vending Machines	License	3,000
Mobile Food Vendors	License	134,800
Retail Food Establishments	License	276,500
Food Processing Plants	License	57,300
Farmers Market Vendors	License	6,700
Large Events	Application	1,000
All Non-Exempt Entities	Application	190,000
Total Revenue		\$ 1,193,350

The Department of Inspections and Appeals (DIA) is required to annually deposit \$800,000 collected from license and inspection fees (with the exception of license fees collected on behalf of a municipal corporation) into the State General Fund. The DIA is permitted to use the remainder of the collected fee revenue to cover the costs of local food inspections.

Rule Summary Reflects 2018 Code of Federal Regulation updates and removes the expired transition compliance dates within the 2013 Food and Drug Administration Model Food Code, which required the employment of a certified food protection manager. **ARC 4140C (AF)**

State or Federal Law Implemented: Iowa Code sections 10A.104 and 137F.2.

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

LSA Response: The LSA concurs.

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Department of Inspections and Appeals/Racing and Gaming Commission

Rule Summary Amends existing rules to make technical changes, and provides for implementation of 2018 Iowa Acts, House File 2349 (Excluded Gamblers, Racing and Gaming Commission Regulation Act). Makes updates and clarifies a variety of gaming-related definitions, including “wagering area,” “jockey suspension rule,” and “occupational **ARC 4107C (NOIA)**

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licensing requirement.” Also clarifies license eligibility after suspension, purse payments, and Iowa foaled horse requirements.

State or Federal Law Implemented: Iowa Code chapters 99D and 99F.

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

LSA Response: The LSA concurs in part. Although the rulemaking itself has no fiscal impact, the legislation being implemented, HF 2349, does. According to the Fiscal Note associated with HF 2349, the Iowa Racing and Gaming Commission (IRGC) will need to hire 1.0 additional full-time equivalent (FTE) position to assist in constructing, establishing, and maintaining the data warehouse that will house the confidential information of individuals who choose to voluntarily exclude themselves from all of Iowa’s 19 gambling facilities. Support costs in FY 2019 refer to one-time costs associated with hiring and training a new employee. Initial website construction expenses are estimated to cost a maximum of \$100,000 in FY 2019, with maintenance costs estimated to total around \$10,000 for FY 2020 and subsequent years. Funding for these costs will come from the Gaming Regulatory Revolving Fund, established pursuant to Iowa Code section 99F.20. Estimated expenditures are displayed in **Table 1** below.

Table 1: Fiscal Impact to the IRGC, FY 2019-FY 2020

	FY 2019	FY 2020
FTE Position(s)	1.0	1.0
Total	1.0	1.0
Salaries	\$ 120,000	\$ 125,000
Support	\$ 5,000	\$ -
Website Construction/Maintenance	\$ 100,000	\$ 10,000
Total	\$ 225,000	\$ 135,000

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Department of Management

ARC 4141C (AF)

Rule Summary Establishes procedures and guidelines to deny State funds to a local entity intentionally violating the provisions of Iowa Code chapter 825 and to reinstate eligibility to receive State funds when a local entity comes into compliance with statutory requirements. Establishes the process by which the Department of Management receives a final judicial determination that the local entity is out of compliance and is ineligible to receive State funds.

State or Federal Law Implemented: Iowa Code chapter 825 and 2018 Iowa Acts, ch. 1089.

Fiscal Impact **Agency Response:** Fiscal impact cannot be determined. Please see the Fiscal Note for SF 481 (Immigration Laws Enforcement Act).

LSA Response: The LSA concurs.

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Department of Public Health

ARC 4127C (NOIA)

Rule Summary Updates existing rules related to vital records, including:

- Clarifies that vital record fees are being assessed per record issued and not per search performed.
- Adds a definition for doula.
- Adds language to protect the registrant of vital records to ensure that entitlement to a certified copy of any vital record is for the benefit of the person listed on the vital record.
- Requires that a doula or a midwife must report a home birth.
- Outlines the process a person may take to establish a delayed marriage record through the court system.
- Outlines the process a person may take to amend a certificate of vital record through the court system and allows for a person to amend a vital record using an established vital record on file.

State or Federal Law Implemented: Iowa Code chapter 144.

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

LSA Response: The LSA concurs.

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Professional Licensure Division

ARC 4116C (AF)

Rule Summary Establishes that if an applicant has held an active license during three of the past five years, the applicant can forgo the requirement of taking the Special Purposes Examination for Chiropractic to reactivate the license.

State or Federal Law Implemented: Iowa Code chapter 151.

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

LSA Response: The LSA concurs.

ARC 4128C (NOIA)

Rule Summary Implements 2018 Iowa Acts, ch. 1138 (Opioid Regulation Act) for the Board of Physician Assistants to adopt rules for opioid prescribing, discipline, and continuing education.

State or Federal Law Implemented: Iowa Code chapters 124, 147, 148, 148C, and 272C.

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

LSA Response: The LSA concurs.

ARC 4129C (NOIA)

Rule Summary Reduces the continuing education hours for the Board of Chiropractic from 60 hours to 40 hours for license reactivation applicants.

State or Federal Law Implemented: Iowa Code chapters 147 and 272C.

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

LSA Response: The LSA concurs.

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ARC 4130C (NOIA)

Rule Summary Revises the minimum requirements for a physician who supervises a physician assistant at a remote medical site.

State or Federal Law Implemented: Iowa Code chapters 147, 148, 148C, and 272C.

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

LSA Response: The LSA concurs.

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Board of Nursing

ARC 4132C (NOIA)

Rule Summary Rescinds and replaces the chapter on Advanced Registered Nurse Practitioners (ARNP). Includes language to implement 2018 Iowa Acts, ch. 1138 (Opioid Regulation Act) for opioid prescribing, discipline, and continuing education. Adds supervision requirements regarding the ability of the ARNP to enter into collaborative practice agreements with a pharmacist.

State or Federal Law Implemented: Iowa Code chapter 152E.

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

LSA Response: The LSA concurs.

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Secretary of State

ARC 4146C (AF)

Rule Summary Amends existing rules regarding local sales and services tax elections by creating a definition of “qualified counties” that complies with changes enacted in Senate File 2417 (Income and Sales Tax Modification Act). For the purpose of this rulemaking, “qualified counties” is defined as a county with a population in excess of 400,000, a county with a population of at least 130,000 but not more than 150,000, or a county with a population of at least 60,000 but not more than 70,000, according to the 2010 federal decennial census. Establishes a new method for initiating a local sales tax election by adding a new category of counties that are able to do so.

As a result of comments provided at the public hearing, new subrule 21.804(5) of the rulemaking was amended to reflect the requirement that qualified counties use no less than 50.0% of the Local Option Sales and Services Tax (LOSST) revenue for property tax relief, pursuant to the requirements of SF 2417.

State or Federal Law Implemented: Iowa Code chapter 423B, 2018 Iowa Acts, SF 2417.

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

LSA Response: The LSA concurs. The rulemaking is not expected to have any fiscal impact on the State General Fund. Any fiscal impact incurred by local authorities cannot be determined at this time, as it is uncertain whether and how often local entities will initiate local sales tax elections.

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Department of Transportation

ARC 4119C (AF)

Rule Summary Amends the chapter regarding driver's license sanctions, including:

- Removing redundant definitions.
- Clarifying periods of suspension or revocation to align with Iowa Code.
- Updating list of violations for license suspension of habitual violators.
- Specifying sanctions for violations of corresponding municipal ordinances.
- Adding convictions for violations of Iowa Code section 321.323A.
- Clarifying the period of license suspension for moving violations during driving probation.
- Removing provisions that implement or reference drug revocations previously required by Iowa Code.
- Striking outdated reinstatement or reissuance language related to appearing before an examiner.

rulemaking has been revised from the NOIA to only refer to the extension of license suspensions and revocations under Iowa Code chapter 321J.

State or Federal Law Implemented: Iowa Code sections 321.177, 321.210, 321.210A, 321.210C, 321.210D, 321.212, 321.215, 321.218, 321.276, 321.323A, 321.372, 321A.2, and 321J.21, House File 2502, (FY 2018 Standing Appropriations Act), and House File 2304 (Motor Vehicle Operation and Stationary Motor Vehicles Act).

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

LSA Response: The LSA concurs in part. While the rulemaking itself does not create a fiscal impact, the legislation it implements may have a minor fiscal impact on the Statutory Allocations Fund (SAF). House File 2502 repealed Iowa Code section 901.5 (10), which revoked a defendant's driver's license for 180 days if the defendant was convicted of a controlled substance offense under several Iowa Code sections. The Department charges a \$20 fee that must be paid at the time of license reinstatement, and the fee is deposited into the SAF.

In FY 2017 and FY 2018, approximately 1,600 individuals had their licenses reinstated following a drug conviction revocation. Under the enacted legislation, there may be a decrease in revenue to the SAF of approximately \$32,000 in FY 2019 and FY 2020.

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Treasurer of State

ARC 4123C (NOIA)

Rule Summary Establishes rules on the administration and operation of the Iowa ABLE Savings Plan Trust.

State or Federal Law Implemented: Iowa Code chapter 12I.

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

LSA Response: The LSA concurs.

ARC 4124C (NOIA)

Rule Summary Updates rules on the administration of the Iowa Educational Savings Plan Trust regarding program participation, eligibility, and withdrawals.

State or Federal Law Implemented: Iowa Code chapter 12D.

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

LSA Response: The LSA concurs.

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Department of Revenue

ARC 4108C (NOIA)

Rule Summary Implements changes to the taxability of personal transportation services made by division XI of 2018 Iowa Acts, ch. 1161 (State and Local Taxation, Revenue, and Finance Act). Defines “personal transportation service,” addresses sourcing of personal transportation services, and describes the applicable exemptions.

State or Federal Law Implemented: Iowa Code section 423.2 and 423.3 and 2018 Iowa Acts, ch. 1161.

Fiscal Impact **Agency Response:** No fiscal impact beyond the impact estimated by the Legislative Services Agency. That estimate predicts that the taxation of “ride sharing services” in FY 2019 will result in increased revenue of \$3.5 million and by FY 2024 will result in increased revenue of \$18.7 million.

LSA Response: The LSA concurs.

ARC 4118C (AF)

Rule Summary Rescinds a rule in response to the repeal of Iowa Code section 422.12M, which required taxpayers to indicate on the taxpayer’s Iowa individual income tax return whether each of the taxpayer’s dependent children had health care coverage on December 31 of the tax year.

State or Federal Law Implemented: 2017 Iowa Acts, HF 625 (Income Tax Return Information, Dependant Child Health Care Coverage Act).

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

LSA Response: The LSA concurs.

ARC 4133C (NOIA)

Rule Summary Increases the excise tax rate on gasoline from 30.5 cents per gallon to 30.7 cents per gallon, effective July 1, 2018. The tax rate for ethanol-blended gasoline will remain at 29.0 cents per gallon. The current fuel tax schedule is below.

Fuel Tax Schedule

Ethanol-Blended Market Share Percentage	Ethanol- Blended Tax	Unblended Gasoline Tax
0% - 50%	29.0¢	30.0¢
50% - 55%	29.0	30.1
55% - 60%	29.0	30.3
60% - 65%	29.0	30.5
65% - 70%	29.0	30.7
70% - 75%	29.0	31.0
75% - 80%	29.3	30.8
80% - 85%	29.5	30.7
85% - 90%	29.7	30.4
90% - 95%	29.9	30.1
95% - 100%	30.0	30.0

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

Fiscal Impact Agency Response: Under the rates applicable for Fiscal Year 2019 as implemented by the rule change and as required under statute, it is estimated that net of refunds and collections are estimated to be \$453.6 million, resulting in an increase of \$1.1 million in revenue.

LSA Response: The LSA concurs. This rulemaking is estimated to increase revenue to the Road Use Tax Fund by \$1.1 million in FY 2019.

ARC 4143C (AF)

Rule Summary Reflects recent legislative changes to the Research Activities Tax Credit for both individual and corporate income tax, and removes unnecessary or outdated language from existing rules.

State or Federal Law Implemented: Senate File 2417 (2018 Tax System Modifications Act).

Fiscal Impact Agency Response: No fiscal impact beyond that identified in Table 8 of the Fiscal Note for SF 2417. The statutory change underlying this rulemaking was estimated to increase State General Fund revenue by:

- \$0.6 million in FY 2018
- \$4.5 million in FY 2019
- \$7.2 million in FY 2020
- \$7.5 million in FY 2021
- \$7.8 million in FY 2022
- \$8.1 million in FY 2023
- \$8.4 million in FY 2024

LSA Response: The LSA concurs.

ARC 4144C (AF)

Rule Summary Updates process for seeking a rebate of Iowa sales tax made available to the owner or operator of a baseball and softball complex.

State or Federal Law Implemented: Iowa Code section 423.4 and 2018 Iowa Acts, ch. 1161.

Fiscal Impact Agency Response: No fiscal impact.

LSA Response: The LSA concurs in part. Changes made in 2016 Iowa Acts, ch. 1117, established this rebate program under the Iowa Economic Development Authority (IEDA) through the Enhance Iowa Board. The Fiscal Note for Senate File 2312 (State Sales Tax, Rebate for Baseball and Softball Facility Act), which modified the sales tax rebate, utilized two hypothetical projects to arrive at a possible fiscal impact of transfers beginning in FY 2018. To date, the Enhance Iowa Board has approved \$3.8 million for three projects, although the exact timing of revenue transfers is still unknown subject to the actual completion date of the projects, and to date, no transfers have happened.

ARC 4145C (AF)

Rule Summary Establishes guidelines for the rebates of Iowa sales and use tax that are available to the owner or operator of a raceway facility that meets certain criteria set forth in Iowa Code section 423.4, subsection 11. Prescribes the process by which a qualifying owner or operator may seek rebates and provides additional information about how sales qualify for the rebate.

State or Federal Law Implemented: Iowa Code sections 423.2 and 423.4 and 2018 Iowa Acts, ch. 1146.

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

LSA Response: The LSA concurs in part. While the rules themselves have no fiscal impact, the legislation they implement does. The Fiscal Note for SF 2407 (Raceway Sales Tax Rebate Modification Act) estimates that \$744,000 in sales tax revenue will be transferred to the Raceway Facility Tax Rebate Fund in FY 2019, followed by approximately \$200,000 annually from FY 2020 to FY 2024.

ARC 4117C (AF)

Rule Summary Clarifies rules and updates a cross-reference used to implement the exemption of commercial fertilizer and agricultural limestone from the sales and use tax.

State or Federal Law Implemented: Iowa Code section 423.3.

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

LSA Response: The LSA concurs.

ARC 4142C (AF)

Rule Summary Conforms Iowa income tax law to recent changes to the federal deduction for expensing certain depreciable business assets (section 179 deduction) and imposes Iowa-specific limitations on the deduction for certain years. Implements a new special election available to taxpayers receiving section 179 deductions from pass-through business entities under certain circumstances.

State or Federal Law Implemented: SF 2417 (2018 Tax System Modifications Act).

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

LSA Response: The LSA concurs. The Fiscal Note for SF 2417 provided the estimated fiscal impact of all provisions of the Act (see Table 9 of the Fiscal Note). As part of the response to this rules filing, the Department of Revenue provided a separate analysis of just the section 179 provisions of SF 2417. The following table summarizes both the individual and corporate income tax impact of the full Act and just the section 179 provisions.

Estimated SF 2417 General Fund Fiscal Impact				
Dollars in Millions				
	Individual and Corporate Income Tax Impact of SF 2417		Section 179 Expensing Provisions Only	% of Total Estimated Impact
FY 2019	\$	-160.4	\$ -50.8	31.7%
FY 2020		-388.1	-53.1	13.7%
FY 2021		-466.3	-92.9	19.9%
FY 2022		-536.2	-84.3	15.7%
FY 2023		-589.0	-75.6	12.8%
FY 2024		-798.2	-64.0	8.0%

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ARC 4109C (NOIA)

Rule Summary Implements changes to the definition of “manufacturer” and “manufacturing” pursuant to Iowa Code section 423.3(47)(d) pursuant to 2018 Iowa Acts, ch. 1161 (State and Local Taxation, Revenue, and Finance Act). Iowa Code section 423.3(47) provides a sales tax exemption for the “sales price from the sale or rental of computers, machinery, equipment, replacement parts, supplies, and materials used to construct or self-construct computers, machinery, equipment, replacement parts, and supplies” if those items are, in relevant part, “directly and primarily used in processing by a manufacturer.”

State or Federal Law Implemented: Iowa Code section 423.3 and 2018 Iowa Acts, ch. 1161 (State and Local Taxation, Revenue, and Finance Act).

Fiscal Impact **Agency Response:** According to the LSA's fiscal estimate for SF 2417 (Income and Sales Tax Modification Act), the Iowa Code changes implemented by these proposed rules will increase General Fund revenues by:

- \$13.8 million in FY 2019
- \$13.9 million in FY 2020
- \$14.4 million in FY 2021
- \$14.9 million in FY 2022
- \$15.5 million in FY 2023
- \$16.1 million in FY 2024

LSA Response: The LSA concurs.

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Department of Administrative Services

ARC 4134C (AF)

Rule Summary Corrects outdated processes, procedures, and references as part of the Department's five-year review of rules.

State or Federal Law Implemented: Iowa Code section 8A.104.

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

LSA Response: The LSA concurs.

ARC 4135C (AF)

Rule Summary Establishes an Iowa National Service Corps Program administered by the Iowa Commission on Volunteer Service pursuant to HF 2420 (Iowa National Service Corps Program Act). State agencies or political subdivisions of the State may establish hiring preferences for any Iowa National Service Corps or AmeriCorps participant who has successfully completed a year of full-time service or 1,700 hours over a period extending beyond a year.

State or Federal Law Implemented: 2018 Iowa Acts, ch. 1086.

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

LSA Response: The LSA concurs.

ARC 4136C (AF)

Rule Summary Amends existing rules to address continuing coverage of health care benefits for the surviving spouse and each surviving child of an eligible peace officer or fire fighter killed in the line of duty pursuant to 2018 Iowa Acts, HF 2502, Division XVII (FY 2019 Standing Appropriations Act). Adds language clarifying that if a governing body, a county board of supervisors, or a city council has procured accident or health care

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coverage for its employees, such coverage shall permit continuation of existing coverage or reenrollment in previously existing coverage for the surviving spouse and each surviving child of an eligible peace officer or fire fighter killed in the line of duty.

State or Federal Law Implemented: Iowa Code section 8A.402(1)(c) and 2018 Iowa Acts, ch. 1172.

Fiscal Impact **Agency Response:** Fiscal impact cannot be determined. While there is an eligible population, there is not enough evidence of participation available to estimate a fiscal impact.

LSA Response: The LSA concurs.

Rule Summary **ARC 4137C (AF)**
Amends existing rules by eliminating the calculation of life cycle cost determination in purchasing vehicles for the State of Iowa fleet pursuant to 2018 Iowa Acts, SF 2416 (FY 2019 Administration and Regulation Appropriations Act). Provides that the purchase of passenger vehicles; light, medium-duty, and heavy-duty trucks; passenger and cargo vans; and sport utility vehicles shall be awarded to the lowest responsive and responsible bidder based solely on bid price.

State or Federal Law Implemented: Iowa Code section 8A.311(20), and 2018 Iowa Acts, SF 2416.

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

LSA Response: The LSA concurs.

Rule Summary **ARC 4122C (NOIA) & ARC 4121C (AFE)**
Updates existing policies and procedures relating to reporting and investigation of sexual harassment, discrimination, equal opportunity, and affirmative action complaints in the Executive Branch. Provides that these complaints may be made directly to the Administrative Services Department (DAS) or the Office of the Governor, rather than just within an agency, and that the DAS shall conduct investigations of such conduct unless otherwise directed by the Office of the Governor. Additionally, clarifies the confidentiality of the complaint and investigation process.

State or Federal Law Implemented: Iowa Code chapter 19B and Iowa Code sections 8A.402 and 8A.413.

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

LSA Response: The LSA concurs.

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