MINUTES OF THE SPECIAL MEETING OF THE ADMINISTRATIVE RULES REVIEW COMMITTEE

Time of Meeting: Monday, April 8, 1985.

Place of Meeting: Committee Room 24, State Capitol, Des Moines,

Iowa.

Members Present:

Senator Berl E. Priebe, Chair; Representative James D. O'Kane, Vice Chair; Senators Donald V. Doyle and Dale L. Tieden; Representatives Edward G. Parker and Betty Jean Clark. Also present: Joseph Royce, Committee Counsel; Kathryn Hove, Governor's Coordinator; Phyllis Barry, Deputy Code Editor, and Vivian Haag, Executive Administrator.

Meeting convened

Chairman Priebe convened the Committee at 7:30 a.m., Monday April 8, 1985, Committee Room 24, State Capitol, Des Moines, Iowa.

HUMAN SERVICES DEPARTMENT Mary Ann Walker, Margaret O. Ward, Julie M. Rettmann, Don Kearney, C. S. Ballinger, Don McKeever, Don Bice, and M. E. Imlau were present on behalf of the Department of Human Services to review:

Confidentiality and records of the department, 9.3(3"f" ARC 5398	
Community mental health center standards, 33.5(8), 33.5(11), 33.5(12), 33.5(15), 33.7 ARC 5408. F.	
ADC. exempt as income, nonrecurring lump sum income, 41.7(7"c"(6), 41.7(9"c"(2), 41.8(2) ARC 5394	
ADC. unemployed parent, 42.1(1)"c" ARC 5895	
Food stamp program, administration, voluntary quit, 65.3, 65.27 ARC 5396	3/27/85
Food stamp program, involvement in a strike, claims, 65.17, 65.21 ARC 5397	
Food stamp program, 65.1, 65.3 ARC 5399, also filed emergency ARC 5398. M. ** F.F	
Food stamp program, uneven proration of self-employment income, 65.29, filed emergency ARC 5373	3/13/85
Food stamp program, uneven proration of self-employment income, 65.29 ARC 5392	3/27/85
Medical and health services, dentists, 78.4(1)"b"(12) ARC 5407	
Purchase of service, 150.3(3)"p," 150.5(3)"j" ARC 5408	3/27/85

9.3 ch 33 No recommendations were offered for 9.3(3). Priebe was concerned that the process for an extension to the period of accreditation would be too lengthy and would create controversy--33.5(8)b. Parker wanted assurance that that would be the only thing established on a case-by-case basis. Walker replied in the affirmative. Clark saw the importance of providing need. Doyle was told that an appeal process existed. Tieden was informed that 15 members comprise the Mental Health Mental Retardation Committee.

ch 41

In review of amendments to chapter 41, Priebe referenced the dilemma of a constituent with a family who was forced to sell his farm and equipment. Although the family had no food, they were ineligible for food stamps because of \$22,000 generated from the sale. Walker agreed to investigate. Tieden inquired re comments at the public hearings and Walker said none were received. Tieden requested that the Committee be apprised of input from any of the Department's hearings

HUMAN SERVICES DEPARTMENT Continued

when the rules are reviewed. Walker was amenable and indicated this information is submitted to Hove (the Coordinator's Office). No questions re 42.1(1)c.

65.3, 65.27

Walker pointed to the preamble of rules 65.3 and 65.27 which explains changes for compliance with revised federal regulations on work registration. job search and voluntary quit disqualifications. Walker was of the opinion that the major change which generated no comments was that voluntary quit sanctions apply to both applicants and recipients. Previously, only an applicant household was penalized. The sanction period was changed from 60 to 90 days. According to Walker, critics of 65.27 contend that families will be unfairly punished and the wage earner will move out to avoid the sanction.

Department officials continued that under the federal regulation, sanction is imposed when the wage earner stops work for no good cause.

Clark discussed the problem confronted by many unskilled women who earn only minimum wage and cannot afford to hire baby sitters. Walker suggested a waiver request could be made in that situation. was willing to contact other states with respect to the definition of "affordable child care."

65.17, 65.21

The normal rulemaking process was being utilized for rules 65.17 and 65.21 after emergency adoption in 1982 and 1983. The amendments clarify the definition of "involvement in a strike" and provide method of establishing claims against households for violations. No comments were received through the public hearing process. Kearney emphasized that 65.17 was not a federal mandate but an attempt to provide language for their workers in the field. The bottom line was that the Department doesn't want strikers to cross the picket line and risk personal injury.

Priebe asked about a situation where the sheriff guarantees the strikers can cross the picket line. Kearney said the Department would probably presume that those who did not return to work were still on strike. Doyle could foresee legal problems in requiring the signed statement. O'Kane in the chair.

65.17 & 65.21

Kearney said that because of confidentiality of the food stamp program, the records would not be easy The Committee noted that the rule lacked to obtain. Motion to refer recognition of subtle types of harassment. Doyle moved that the subject of rules 65.17 and 65.21 be referred to the Labor and Industrial Relations Committees this week and he asked that they respond with their views. Walker was willing to review the matter again. Motion carried.

HUMAN SERVICES DEPARTMENT Continued No questions re 65.1, 65.3, 65.29 and $78.4(1)\underline{b}(12)$. Amendments to $150.3(3)\underline{p}$ and $150.5(3)\underline{j}$ were promulgated to coincide with DOT rules that providers coordinate transportation services between DOT and the Urban Regional Transit Systems. No questions.

TRANSPORTATION DEPARTMENT

Cande Bakke, Director, Public Transit Division, was present to review co-ordination of public transit services, [09,A]ch 2, ARC 5406, filed, IAB 3/27/85. According to Bakke, the rules were substantially identical to those filed under Notice except for two changes made as a result of requests from providers. Doyle was assured that a problem in Sioux Tieden took ex-City had been resolved by 2.3(3). ception to the last sentence of 2.6(1) which reads "This list is not all inclusive." Bakke said that DOT was unable to think of every emergency which might exist and providers had asked for examples. Bakke said there had been no negative reaction to the rules and the new approach was progressing very No recommendations.

CONSERVATION COMMISSION

The following agenda was before the Committee:

Department representatives present were Larry Wilson, Director, Al Farris and Bob Fagerland, Wildlife Division.

14.1(5), 14.2

Farris reviewed the special regulations for hunting on the controlled portions of Forney Lake and the Riverton area. O'Kane pointed out to the Commission that if they were considering an exemption for black powder, this rule might be a vehicle for such an exemption. Farris contended there was an exemption for muzzleloaders in the current steel shot rules. Also, shotshells which do not utilize black powder constitute an exemption. O'Kane was not convinced. Brief discussion of steel shot.

Farris pointed out that the federal government provides framework for seasons. Under pressure from the National Wildlife Federation, the federal government is requiring use of steel shot in certain states where there is high potential for secondary poisoning of bald eagles—one being western Iowa around the DeSote Refuge. Some states have been threatened with closing of their water fowl season.

111.3(2)

Farris explained that the emergency amendment to 111.3(2) was necessary to add the word "live", which was inadvertently omitted from the November 21, 1984 amendment.

ADVISORY BOARD

STATE PRESERVES The following agenda was reviewed by Larry Wilson.

STATE PRESERVES ADVISORY BOARD[790]

Responding to O'Kane, Wilson said the Board's budget is a line item within the total budget of the Conservation Commission -- approximately \$50,000 a year. Wilson said that an individual is assigned responsibility for a preserve although custodians per se do not exist for them. This could be a County Conservation Board, a state Conservation Commission employee, or a person representing the Nature Conservancy-the Department has records on preserves' custodians. No action taken.

AGRICULTURE DEPARTMENT

The following agenda was reviewed by Bette Duncan and John Hinshaw:

AGRICULTURE DEPARTMENT[30] Registration of lows-foaled horses and lows-whelped dogs. 14.15(4), 14.40. 14.41 ARC 5371, also filed emergency ARC 5370 MT. F.S.

According to Duncan, rules were promulgated to provide for some oversight in the original rule. Registration of the mares is spaced over a longer period of time. Tieden questioned the reason that penalty for late registration was higher for a litter than for a mare. Hinshaw clarified that there was no penalty for late registration of a mare--they are trying to synchronize with the National Greyhound Association. There were no written comments and no one appeared at the public hearing which was scheduled last week. The rules have Hinshaw indicated the rules follow industry support. recommendation of the National Greyhound Association with respect to the 15-day requirement for litter registration--14.41.

14.41

Responding to Priebe, Hinshaw explained that the Department knows the approximate date a colt will be foaled. Cards are made up for each inspector who notifies the breeders in advance of the approximate inspection time--four of the volunteer inspectors are veterinarians. A money-saving, as well as time-saving, method.

Committee Business Administrative Law Seminar

Royce and Hove expressed interest in attending Professor Bonfield's Seminar on Administrative Law scheduled for late April. It was agreed that a waiver of fee for Royce and Hove should be requested. The Committee was willing to authorize reimbursement, if necessary.

Minutes

Doyle moved approval of the March minutes. carried.

Committee
Business
Continued

Barry sought Committee guidance for the Commerce Grain Division with respect to editorial gender changes in the Uniform Commerical Code [Code Chapter 554 and Code Chapters 542 and 543] where "warehouseman" was changed to "warehouseperson" or "warehouse operator." Commerce officials were concerned about the legality of their rules if the gender changes were not incorporated. Another concern was that Iowa law and rules [U.C.C.] differed from the other "uniform" states.

There was discussion re the expense of redoing rules for gender changes only. Chairman Priebe requested Royce to review the issue with Administrative Law Professor Bonfield.

Engineering & Land Surveying Board of Examiners

Engineering and Land Surveying Board of Examiners were scheduled for 10:15 a.m.

No agency representatives were required to appear for the following:

CREDIT UNION DEPARTMENT[295] Real estate loans, maximum terms, 10.4(1) ARC 5377	. 8/13/85 . 3/13/85
HOUSING FINANCE AUTHORITY[495] Small business loan program, 5.22(4) ARC 5410	3/27/85
INSURANCE DEPARTMENT[510] Agents' licensing, continuing education, amendments to chs 10 and 11 ARC 5411	3/27/85
LABOR, BUREAU OF[530] Miniature boilers and miniature model boilers, 45.1, 45.10 to 45.21 ARC 5382	3/13/85
PHARMACY EXAMINERS, BOARD OF (620) Hearing procedure, 9.2(5"a" ARC 5379	3/13/85
PHARMACY EXAMINER S. BOARD OF[620] Automated patient record systems. 6.13 ARC 5380	3/13/85 3/13/85
PUBLIC INSTRUCTION DEPARTMENT[670] Special education, ch 12 ARC 5391	
REGENTS, BOARD OF[720] Personnel administration. 3.39, 3.39(5), 3.89 ARC 5383F	
NURSING, BOARD OF[590] Continuing education, ch 5 ARC 5876	3/13/85
TRANSPORTATION. DEPARTMENT OF[820] Organization (01.A) ch 1 ARC 5404	3/27/85 3/27/85

SOIL CONSERVATION

Ken Tow and Jim Ellerhoff were present to discuss surface coal mining and reclamation operations, 4.6(8)b, ARC 5417, Notice, IAB 3/27/85. The rules contain penalty schedule pursuant to Code \$83.15 as amended by HF 531, which, according to Tow, is mirrored from the federal regulation. For penalties under \$1000, collection would not be sought. In response to Tieden, Tow said that subrule 4.61(2)a(3) refers to history of previous violations. Those amounting to less than 30 points with no penalty collected could accumulate against the individual in terms of history of violation.

4.61(2)<u>c</u>(1)

Clark was advised that "greater degree of fault" could be "deliberate burying of topsoil"--4.61(2)c(1). O'Kane recalled that the Natural Resources Committee had passed out pending legislation for cleanup to HF 531 and asked about potential conflict with these rules. Tow saw no problem.

WATER, AIR & WASTE MANAGE-MENT DEPT

Mark Landa and Morris Preston appeared on behalf of the Department of Water, Air and Waste Management for the following:

WATER. AIR AND WASTE MANAGEMENT[900]

Compliance actions, regulatory flexibility analysis summary, ch 10 ARC 5388.

Wastewater treatment and disposal, 60.2, 61.2(1), 61.2(2), 61.2(6"c." 61.3(1"h." 61.3(2"a." 61.3(3"b" and "d." 61.3(3"b" and "d." 61.3(5)"e" ARC 5387 .

Public water supply systems and wastewater treatment plants, certification of operators, 81.9(8), 81.9(1), 81.10(6), filed emergency ARC 5413 . F.

3/27/85

Mike Murphy had been scheduled to appear but had a death in his family.

61.2(2)

In discussion of 61.2(2), Priebe asked how water quality levels were exceeded. The Department wants to ensure that the chemical quality existing at the time the rules are adopted would not be further lowered by an activity permitted by them. Doyle asked if temperature change were included. Preston stated that no change to existing temperature standards was proposed. He stressed the importance of low temperatures to many Iowa streams which support wildlife. Preston was unaware of any impact on Brown's Lake.

Economic Impact Statement

Royce interjected that an Economic Impact Statement on the rather lengthy series of rules might be in order. Tieden so moved. Motion carried.

61.2(5)c

Tieden referred to provision for "site specific water-quality standards" and wondered how rural areas would be affected. He was told this allowed for both higher and lower standards. Department officials stressed that intent was to provide high level protection. However, a particular area or discharge will be afforded opportunity to demonstrate that a different standard should apply to a specific area of a stream. Preston explained the changes in Class A, B and C streams. Tieden noted that the Legislature had changed the Thompson River to the Grand River.

ch 81

No recommendations re amendments to chapter 81.

REVENUE DEPARTMENT The following agenda was reviewed by Carl Castelda, Deputy Director:

REVENUE DEPARTMENT[730]

Taxation-corporation. franchise. 51.1(1), 51.2(1)"f." 51.6(1), 51.7, 51.9, 52.1(1)"c." 52.1(4), 52.1(5), 52.2(1), 52.2(1), 52.4(3), 52.4(6), 55.1, 55.3(1), 55.3(3), 57.1(1), 57.2(1)"f." 57.5(1), 67.6, 57.8, 58.2(1), 58.3(2), 58.4(4), 60.1, 60.3(3) ARC 5386 .F.

Taxation-corporation. franchise, 52.1(2)"l" and "m." 52.1(3)"i" and "y." 54.9, 56.3(1), 56.5(2)"a"(2), 61.3(1), 61.5(2)"a"(2) ARC 5416 .F.

Determination of net income, net operating losses, 40.18(8) ARC 5415 .M.

\$27/85

No recommendations were offered for amendments to 51.1(1) et al. Castelda stated that 52.1(2)et al amendments were identical to the published Notice. They were basically clean up and no comments were received. Castelda continued that 40.18(8) pertains to nonresidents' taxation—method of computing net operating losses. Some changes had to be made to identify the Iowa portion of the loss to carry it back against Iowa income.

REVENUE DEPARTMENT Continued

O'Kane asked about the status of a court case involving Pittsburg-Des Moines Steel pertaining to tax status of out-of-state construction or erection. Castelda offered information on the complex case which has been in process for about 7 years. The case has been appealed to the Director of Revenue and Castelda was hopeful the Director would hear the case and issue a decision within approximately 60 days. The next step would be either an appeal to the state Board of Tax Review or, after 60 days, an appeal in District Court. A ruling against the Department of Revenue by the Board would be a final decision. O'Kane wondered about cost to the state if Pittsburg-Des Moines prevails. Castelda pointed out that it was difficult to determine an amount. He summarized the issue as being whether a company that manufactures tangible personal property in the state and uses that property in a construction contract out-of-state is responsible for sales tax when they pull the inventory in Iowa. According to the Department's interpretation of the statute, it is an Iowa use.

Castelda discussed some "sister cases on a similar statute that relates to construction contractors"--422.42(9). District court cases have held that the tax is due when inventory is pulled regardless of how materials are used or where the construction occurs. The Department was aware that this interpretation was a "disincentive for manufacturers to locate in Iowa." Castelda was surprised there had been no attempt by the General Assembly to change current statute. Castelda cautioned against legislation drafted so precisely that everything purchased in the state would be exempt if used outside the state. O'Kane recalled a study bill in 1984.

Castelda cited a big problem --when the product is taxed in Iowa first and then in the other state, the statute of limitation for refunds has run out. Erection in another state for a nontaxable purpose such as bridges for municipalities, etc. is another problem. Many cases are being held in abeyance awaiting decision on the Pittsburgh-Des Moines Steel case.

Priebe referenced the proposed amnesty legislation and expressed his apprehension about it.

HEALTH DEPARTMENT Irene A. Howard, Licensing; Keith Rankin, Barber Board; Jim Krusor, Board of Medical Examiners; Harriett Miller, Chiropractic Board; Mike Guely and Donald Kerns were present to review:

Advanced emergency medical care. 132.1, 132.2, 132.7 to 132.10. 132.6(9)"a," 132.6(10)"a," 132.13(5) ARC 5400	5
Medical examiners, conducting examinations, fees, 135.102(1), 135.102(4), 135.102(5), 135.108(1), filed emergency ARC 5409	
Psychology examiners, license, fees, 140.6(10) to 140.6(12), 140.10(11) ARC 5414	5
Chimperotic everyiners, grounds for discipling, physical examination, goned shielding, 141.24(2)*a*(6), 141.40(141.41.	
141.47, 141.28(1), 141.65 ARC 5389	5
Opinitery examiners, total istudy groups, 142,25) Arc 3005	5

HEALTH
DEPARTMENT
Continued
ch 131

Guely gave brief overview of changes made to chapter 131. Comments have been received and a public hearing was scheduled for April 16. Slight changes for purposes of clarification will be made.

- In re 132.2(3)e, Guely assured Clark that material could be submitted to the Chair at a meeting. The wording was intended to eliminate the problem of an audience participant attempting to influence the Council during the meeting.
- 132.1 In 132.1(147A), the definition of "physician designee" was clarified by striking reference to the council since the determination is made by the Board of Medical Examiners. Tidden wondered if "rescue vehicle" included "ambulance." Kerns responded that "rescue vehicles" do not transport individuals. Tieden was interested in knowing what effect the extensive rules have on the small local volunteer rescue units--basic EMT services. Guely said there would be no impact since the legislation was permissive. Tieden could foresee elimination of volunteer services. Guely was hopeful that minimum standards would be developed for all ambulance services. He continued that Iowa was one of seven states without minimum standards for all levels of ambulance operation. Tieden wanted it made clear that he did not oppose minimum standards in those areas but wanted to ensure they were realistic.
- 132.10(12) Clark found 132.10(12) somewhat confusing. Royce advised that the language was appropriate.
- ch 135

 Krusor said that amendments to chapter 35 relative to flex examinations would probably be changed before the December exams. He noted problems with administration—out of 50 states, there are 25 different standards. Results of a survey will be submitted at a federation meeting in April in an attempt to provide uniformity throughout the nation. Tieden had some difficulty with the various fee schedules re 135.108(1) and suggested possible revision when the rules are rewritten.
- ch 140 Howard said that amendments to rules 140.6 and 140.10 establish quidelines for applicant for licensure as a psychologist who has not completed the requirements. Clark raised question as to why this Board was dealing with nonlicensend individuals. Royce could not say it was beyond the authority of the Board but he was concerned about qualifications of persons who would be offering psychological type services. Howard explained that requirement for licensure provides that an applicant must be supervised for a number of years before being licensed, e.q., Masters Degree applicants require five years of supervision. Royce noted that no apparent limitation was placed on the apprenticeship program. Anyone wishing to make psychological assistant a career could do so in his opinion. Howard had asked a Board member to be present today, but he did not arrive.

HEALTH
DEPARTMENT
Continued

Clark reasoned that the rules should address the supervisors. Royce thought supervision should be defined and duties should be delegated since there was potential for abuse. Howard doubted that since this was unlike any other profession where assistants are involved. She had received no opposition to the rules. Clark preferred that the entire area be rewritten to make it clear that all supervisees must be applicants for licensure. Howard agreed. She suggested "any supervising psychologist who utilized unlicensed personnel for psychological services must..." At O'Kane's suggestion, Howard was willing to refer Committee comments to the Board.

ch 141

Miller gave brief explanation of chapter 141 amendments. No recommendations. After Miller had left, Tieden questioned language "except for cases in which this would interfere with diagnostic procedure" in 141.41 but he would contact the Board.

COMMERCE COMMISSION Andrew Varley, Commission Chair, Ray Vawter, Dan Hanson, Dennis J. Downing, Donna Mendoza-Mitchell and Twila Morris were present on behalf of the Commerce Commission. Also present: Susan Johnson, Peoples Natural Gas; Jim Wilson, Northern Natural Gas; James Pubyl, Northwestern Bell Telephone; Don Heidebrecht, United Telephone; Jack B. Church, Iowa Utility Association; and John Flannery, General Telephone. The following was before the Committee:

ch 29

Hanson said the purpose of the rulemaking was to comply with Iowa Code §476.52 which requires rules for analyzing a public utility's management efficiency and rules for determining the level of profit or revenue requirement in light of the efficiency of the utility's management. Minor changes since the Notice clarify applicability to rate-regulated utilities—not to nonrate-regulated municipal utilities. The Commission has also deleted the criterion under which the demographic composition of the Board of Directors could be considered. The rules were adopted Feburary 15 to become effective April 17, 1985.

Parker asked if the Commission intended to modify the rules as a result of HF 737 [1985 General Assembly]. Varley recalled the laborious task of developing rules since the law was passed two years ago. It was his opinion the rules would provide a reliable system. They were concerned that any criteria could be detrimental in making an objective evaluation of management efficiency. If a utility, where there are concerns about the management, still ranks at the top of a listing, that creates a real problem for the Commission. Further, the Commission lacks confidence in any ranking system they have seen. Varley discussed proposed legislation and opined that the current status is certainly more workable than some of the other systems. The Commission would

COMMERCE COMMISSION Continued prefer to have the law changed to reflect precisely what the Legislature wants rather than trying to modify their rules.

Parker reasoned there must be some point when criteria is set out and followed. If problems develop, change it to a minimum. Varley emphasized that they were not opposed to rate management efficiency and he thought this could be done on a case-by-case basis including some subjective factors. Their big concern was the mandate "shall rank utilities" since it is very difficult to anticipate every situation and factor involved without overwhelming the real substance.

29.4

In re 29.4, Varley explained that municipal utilities were not mentioned since they are not rate-regulated. With respect to penalizing REC's rate of return, customers and stockholders are the same. Priebe observed that statements in the preamble were most unusual. Royce, responding to Parker, said the rules were filed, ready to go into effect, effective date in one week.

Motion - 70-day delay

Parker moved to impose a 70-day delay on chapter 29 to allow time for further study and to follow pending legislation on the subject. Clark was told that legislation, to some degree, did go further than the rules. Brief discussion. O'Kane took the position that a 70-day delay would have little impact. Motion carried.

ENGINEERING & LAND SUR-VEYORS BOARD Patricia Peters, Executive Secretary, appeared to discuss the following:

. 3/27/85

The Ombudsman had raised question in a letter to the ARRC late Friday afternoon as to the three different charges imposed for annual reports of the Board. After being unable to contact their Board Chair, Peters visited with their Assistant Attorney General on the matter. The general assumption for the differences was that, through their registration fees, the active and inactive registrants were paying part of the cost—that is why they were charged less. There was no intent to discriminate against the general public.

Hove discussed Code language commenting that the cost of the document should not be based upon to whom it is provided.

1.13(5)

In re 1.13(5), Clark asked that the catchwords be changed the next time rules are rewritten to be more reflective of the substance of the rule. Royce recalled other cases where there are two different kinds of fees. Frequently, one copy is free and charge is made for additional copies. Peters told Doyle that the cost of printing the report was approximately \$2.00. Doyle thought the fee for inactive members could be increased. Peters noted that as a cost-saving measure for the last few years, reports have been provided on request only.

4-8-85

HEALTH DEPARTMENT Radiology Barry displayed a volumnious set of proposed Health Department rules on radiology wherein numerous references to the Code of Federal regulations appeared without dates certain. Don Flater and John Eure were present to seek recommendation from the Committee as to an acceptable way to include dates without major revision.

It was decided that one statement citing a January 1, 1986, date at the beginning of each chapter of rules would suffice. Priebe raised question as to the necessity of publishing the rules in the Iowa Administrative Code. He asked Barry, Hove and Royce to confer on the matter. It was noted that the major expense was typesetting which had already been completed.

Meeting Dates It was decided that the next meeting would be held on the statutory date of May 14 and continue on May 15. An alternate date would be May 21.

The June meeting was scheduled for June 4 and 5, 1985. Tieden indicated he would be absent. July 9 and 10 were tentative dates.

Adjourned

Chairman Priebe adjourned the meeting at 10:35 a.m.

Respectfully submitted,

Phyllis Barry, Secretary Assisted by Vivian Haag

APPROVED:

CHAIR