MINUTES OF THE REGULAR MEETING OF THE

ADMINISTRATIVE RULES REVIEW COMMITTEE

Time of Meeting

The regular meeting of the Administrative Rules Review Committee was held Tuesday and Wednesday, August 14 and 15, 1990, Committee Room 1, State Capitol, Des Moines, Iowa.

Members Present

Senator Berl E. Priebe, Chairman; Representative Emil S. Pavich, Vice Chairman; Senators Donald V. Doyle and Dale L. Tieden; Representatives David Schrader and Betty Jean Clark.

Staff present: Joseph A. Royce, Counsel; Phyllis Barry, Administrative Code Editor; Alice Gossett, Administrative Also present: Paula Dierenfeld, Governor's Administrative Rules Coordinator.

Convened

Chairman Priebe convened the meeting at 10:07 a.m. and called on Human Services Department for the following agenda:

HUMAN SERVICES

HUMAN SERVICES DEPARTMENT[441] 156.11(2), 177.4(3), 177.4(7), 177.4(8)*b," Notice ARC 1043A, also Filed Emergency ARC 1042A. 7/11/90 Commodity distribution programs — income eligibility guidelines for federal surplus food program. 73.4(3)*d*(2). Filed Emergency ARC 1025A. 7/11/90 Conditions of Medicaid coverage for inpatient children who attain maximum age, 75.1(28)*f" and *k." Filed Emergency ARC 1014A. Conditions of eligibility, 75.1(3), 75.5(2)*r" to "c." 76.5(4)*c" and "d." 76.15(2), 76.16(1)*d" (2) and (3). Filed Emergency After Notice ARC 1044A. Client participation in payment for medical institution care, 75.16(1), 75.16(2)*a," 75.16(2)*b" (1) to (3). 75.16(2)*c." Notice ARC 1041A. Application and investigation — waiver of face-to-face interview in Medicaid applications, 75.2(1). Filed ARC 1026A. Amount, duration and scope of medical and remedial services — dental, 78.4(3)*d," 78.4(4)*a," 78.4(7)*i. Notice ARC 1098A. Community mental health center — day treatment services, 78.16(6)*c." Notice ARC 1040A. 7.11/90 DRG prospective payment system for hospitals, 79.1(5). Notice ARC 1055A. 7.11/90 DRG prospective payment system for hospitals, 79.1(5). Notice ARC 1055A. 7.11/90 Disproportionale share adjustment, 79.16(5)*c." Notice ARC 1055A. 7.11/90 Intermediate care facilities, 81.3, 81.6(16)*c." 81.10(4)*h. 81.10(6). Notice ARC 1027A. 7.11/90 Medicaid waiver services, 82.21/p." Filed Emergency ARC 1015A. 7.11/90 Child day care facilities, 81.3, 81.6(16)*c." Notice ARC 1020A, also Filed Emergency ARC 1019A. 7.11/90 Child day care facilities, 81.3, 86.160*c." Notice ARC 1020A, also Filed Emergency ARC 1019A. 7.11/90 Child day care assistance, 180.3(6)*d." Notice ARC 1030A. 7.11/90 Child day care assistance, 180.3(6)*d." Notice ARC 1030A. 7.11/90 Child day care assistance, 180.3(6)*d." Notice ARC 1030A. 7.11/90 Child day care assistance, 180.3(6)*d." Notice ARC 1030A. 7.11/90 Child day care grants program, ch 163 preamble, 163.1 to 168.4, 168.16(1)*b. 168.5(2), 168.6(2).168.5(2). 168.6(2). 168.6(2). 168.6(2). 168.6(2). 1

Appearing for the Department were: Mary Ann Walker, Marcia Stark, Vivian Thompson, Charlene Hansen, Anita Smith, Lucinda Wonderlich, Elaine Roccasecca, Deloris Conner, Kathy Ellithorpe, Mary Helen Cogley, Gary Gesaman, and Josephine Lerberg.

41.3 There were no questions on amendments to 41.3(3) b et al.

Walker explained that the income from the Dollar-A-Day Program (adolescent pregnancy prevention) would be exempt when determining eligibility and amount of assistance for ADC. All adolescent pregnancy programs will be included when the rules are adopted.

41.7(7)

Tieden noted that the preamble indicated the rule would be implemented retroactively. Thompson agreed to provide explanatory material on the issue.

Pavich took the Chair.

48.3

There were no questions on amendments to 48.3 relative to cash reserve fund for Self-Employment Investment Demonstration (SEID) participants.

2.1(3) t al. According to Walker, amendments to 52.1(3) will implement the changes in rates for Medicaid and service providers mandated by the General Assembly. In addition, an ambulance service cannot be reimbursed for transporting a Medicaid recipient unless the trip was medically necessary.

73.4(3)

Increases in the income eligibility guidelines for the Commodity Distribution Program are reflected in emergency amendment to 73.4(3).

75.1(28)

Walker explained that emergency amendments to 75.1(28) implement the Omnibus Budget Reconciliation Act (OBRA) of 1986 with respect to Medicaid coverage for inpatient care of children.

75.1(33) et al. In review of amendments to 75.1(33) et al., Walker pointed out that OBRA of 1989, Section 6012, added a new Section 1818A to the Social Security Act which provides continued eligibility for Part A of Medicare for disabled individuals. Section 6408 of OBRA mandates that states pay the Part A premium for disabled and working individuals who meet certain conditions. Also, income and resources of a couple in a medical institution will be treated in the manner most beneficial to the couple. Following the Notice, the phrase "partners in a marriage" was substituted for "members of a marriage".

75.16

Walker stated that amendment to 75.16 would clarify policy regarding deductions from income for personal needs when determining the amount of client participation for persons in nursing facilities.

76.2(1)

Amendment to 76.2 waives the face-to-face interview requirement in certain cases when determining eligibility for ADC-related Medicaid applications.

78.4

Clarifying amendments to dental rules were covered in 78.4 amendments.

78.16

Revision in 78.16 will allow Medicaid payment to a community mental health center certified to provide day treatment when

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services are provided by or under the general supervision of a mental health professional. Currently, services are reimbursed only when provided directly by a professional.

79.1(5)

Walker pointed out that 79.1(5) had been terminated and renoticed except for the provision on disproportionate share. Changes in the payment system for in-patient hospital reimbursement will be implemented.

Stark stated that they are setting rates today from the cost reports of 1988. Previously, 1985 reports were used. Changes in technology, practice manner, and length of stay to redetermine the cost basis for hospitals are recognized. She indicated that hospitals had no complaints.

Doyle wondered if the hospital would get less or more and Stark explained that it would be difficult to predict for specific hospitals. It was estimated that about 79 percent of the charges would be paid with the new basing whereas, now they are paying about 72 percent.

79.1(5)

No questions regarding 79.1(5) e(3).

81.3 et al. Walker said that amendments to Chapter 81 establish the reimbursement rate for intermediate care facilities at the 74th percentile of facility costs as calculated from the June 30, 1990, unaudited compilation of cost and statistical data: They also provide that the facilities shall receive, in addition to their approved per diem rate, an amount equal to \$2.50 per day for each Medicaideligible resident identified by the Iowa Foundation for Medical Care as meeting specified criteria to receive special care or services. Gesaman explained their projections for estimating costs. They are allowing nursing homes to submit estimated budgets to the Department in an attempt to meet the nursing home reform requirements which will become effective October 1. An adjustment will be made in their rates and in the maximum rate based on those budgeted costs.

83.2(1)

Walker described amendments to 83.2(1) b as allowing children who now will be eligible for SSI under Public Law 101-239 to remain eligible for Model Waiver services.

130.3(1), 153.5 Amendments to 130.3 and 153.5 increase the monthly gross income guidelines for child day care services and revise procedures for allocation and reallocation of child day care funds.

130.3(6)

In review of proposed 130.3(6)d, Walker said that any family who has received 12 months of transitional child care will not have to be placed on the waiting list for day care services if the family is eligible for state child care assistance. The waiting list is necessary because of limited funds.

Priebe voiced opposition to such a plan since it seemed to preclude some eligible low income parents. Walker emphasized that income was not relevant to the waiting list--only to the date of application. Priebe favored a system to help those most needy.

It was Walker's understanding that the Department was following legislative intent for some assurance that a family would not be "bumped off" at the end of 12 months.

Priebe recalled that they wanted those at the "low end of the totem pole" to receive more consideration than those at the top.

Clark concurred that the legislature considered adequate funds and needs not time to be the determining factors.

Walker advised that because of limited day care funds, it might be wise to legislatively discontinue increase in income guidelines every year. Dierenfeld concurred with Walker's assessment.

Walker agreed to notify the Council on Human Services of committee concern.

Pavich wondered about referral of the issue to the appropriate committees but there was consensus to wait until the amendment was adopted.

156.18 The stipend foster parents receive for in-service training will be increased from \$50 to \$100 per family under amendments to 156.18.

> In response to Schrader, Walker said that school costs would have to come from the monthly payments to foster parents. A special payment for clothing is provided. Schrader pointed out that care of foster children during school months results in greater expense to the foster parents. He requested Walker to pursue this problem.

- Under amendments to Chapter 159, the Resource and Referral Grants Program will be limited to funding child day care resource and referral grants. Previously, adult day care was included.
- 163.3 As mandated by the legislature, amendments to 163.3 will add three new categories of services for adolescent pregnancy grants which are not targeted to a geographic area Twenty-six agencies were funded this year of the state. under the program.

Tieden wondered if the \$250,000 additional grant would be distributed to the 7 counties which received \$523,500. Lerberg stated that the second grant was opened statewide so this was a possibility.

Ch 159

Ch 168

Walker said that amendments to Chapter 168 would implement changes necessary for administration of child day care grants by the county boards of social welfare, and provide the grants that are no longer available for training costs. In addition, the appeal rules would be changed to provide that applicants may not appeal the amount of the grant award.

Committee Business Minutes Doyle moved to approve the minutes of the July meeting as submitted. Motion carried. Doyle also moved to approve the telephone conference of July 19. Motion carried.

Rules of Procedure

There was review of the Draft Proposal of ARRC Rules of Procedure carried over from the July meeting. Royce called attention to 1(f), "Motions do not require seconds and may be made by any member of the committee." This language would include the Chair thus eliminating the need to surrender the Chair to make a motion.

Discussion of 3(c) relative to rescission of earlier actions: "The committee may at any time review earlier actions it has taken, and may modify, rescind or reconsider that action. Any modification or rescission shall follow the same procedure as required for the original action." The language is similar to existing rule 13 with statutory provisions removed.

Royce referred to proposed new procedure with respect to substantive areas set out in Rule 4. He discussed the pros and cons and focused his comment on the four informal policies the Committee had followed consistently for a number of years: a. Opposition to substantive change between a Notice of Intended Action and an Adopted rule without additional Notice. b. Quorum requirements that, unless specifically provided by Code, must be two-thirds of the entire membership and a vote must be based on the majority of the entire board not a majority of those present and voting. c. Criteria for making awards or grants must be set out in the rules. d. Adoption of material by reference must include a date certain.

Clark was hesitant to support paragraph <u>a</u> since each submission should be considered on a case-by-case basis. Royce cautioned that once the procedures were adopted, they would have to be followed. However, vague language does not provide much guidance. Schrader was concerned about restrictive criteria which would place unrealistic constraints on the committee.

Schrader also observed the absence of his suggestion to add language, "unless attendance is waived by the Committee" to the last sentence of 1(d). Royce said that the omission was an oversight.

Motion

Schrader moved to amend 1(d) by adding at the end, "unless attendance by an agency representative is waived by the Committee." Motion carried.

Rules of Procedure Doyle asked about the retention policy for recording tapes of ARRC meetings. Barry advised that they are kept until the minutes have been approved. He suggested including a provision to address a time frame for tape requests.

Motion

Priebe moved to include in rule 2 the words, "After the minutes have been approved for any previous meeting, the tapes will not be available." Motion carried.

Schrader noted that language from current rule 11 was not included in the revision. It provided that "The Committee may direct the secretary to send specific rules to chairmen of various legislative committees designated by this Committee." Royce had omitted the rule since it was in conflict with the statute which provides that the Committee may refer a rule to the Speaker of the House and the President of the Senate. He emphasized that it was acceptable for the ARRC to suggest a committee for the referral.

In response to Doyle, Royce said virtually all agencies require a vote of two-thirds for a quorum.

Schrader raised question as to the revision addressing session delay--3(b). The last sentence, "The Committee may then take any action authorized by law." and the words "or rule changes to the Committee at a subsequent meeting" implied to him that the ARRC must wait for a department to return.

Motion

Schrader preferred the present rule 14 and moved that it be retained. Carried.

Motion

Priebe moved to approve the Rules of Procedure as amended. Motion carried. The ARRC agreed to review a revised draft at their September meeting.

Code §4.3

Royce brought up for discussion the proposed legislation to amend Code section 4.3 to include "rule" which adopts another statute, rule or document by reference. The proposed revision was prompted by problems with recent legislation on aboveground storage tanks where the legislature adopted material by reference without adding a date certain. Royce advised that this amendment was based on constitutional law doctrine that dates back many years. Also, there are opinions of the Attorney General on the subject.

Motion

Priebe moved that the proposal for Code section 4.3 be adopted and a bill drafted.

Doyle could not recall that Iowa had ever adopted laws or rules of another state. Royce knew of no instance but thought it was a possibility so he included "federal government or nongovernmental entity" in the proposal.

Motion Withdrawn With respect to the tinted window issue, Doyle wondered if it were possible to add language to address double delegation. Priebe withdrew his motion and deferred the proposal until Wednesday's meeting.

Priebe in the Chair.

State Library

There was discussion of the fact that the State Library Division had not updated their rules to reflect 1986 government reorganization. Also, the rules were deficient in a number of areas. Members recalled previous requests to the agency for rule making and concurred that the current librarian should be requested to appear at the September ARRC meeting to discuss the problem.

ECONOMIC DEVELOPMENT

Appearing for the Department of Economic Development were Lane Palmer, Mary Kay Baker, Mike Miller, John Bargman, Gleean Coates, Job Training Division, and Melanie Johnson. The following rules were discussed:

ECONOMIC DEVELOPMENT, IOWA DEPARTMENT OF [261]	
Work force investment program, ch 18. Notice ARC 1072A, also Filed Emergency ARC 1071A	7/11/90
Economic betterment program, 22.2, 22.3, 22.6(3)*e," 22.6(4), 22.7(2), 22.8(1), 22.8(3), 22.8(4), 22.9(4), 22.11,	
22.12(5), 22.13, 22.14, 22.15(4), 22.15(5), <u>Filed ARC 1069A</u>	7/11/90
Community development block grant nonentitlement program, 23.2, 23.4(3)"e," 23.5(1)"c," 23.5(1)"i" to "k,"	
23.6(3), 23.6(4), 23.6(8), 23.7(1)"f," 23.7(5)"e," 23.7(9), 23.8(1)"a," 23.8(2), 23.8(4), 23.8(5), 23.8(8), 23.8(2),	
23.9(4)°c," 23.9(5), 23.9(6), 23.10°5," 23.11(2), 23.11(3)°d," 23.11(6)°d," 23.11(7)°d," 23.11(9), 23.12(2), 23.12(6).	
23.12(7), 23.12(8)"g," 23.12(9), 23.13(3)"c" and "d," 23.13(6), 23.13(11), 23.13(13), 23.14. Notice ARC 1066A	7/11/90
lowa rental rehabilitation program, 26.1, 26.3(2)"a," 26.3(3)"c," 26.3(4)"b" and "d," 26.5(2)"d"(9), 26.5(2)"d"(15) to	
(17), 26.6(5), 26.7(2"d," Notice ARC 1067A	7/11:90
Rural community 2000 program, 28.2, 28.3(1), 28.4(1) to 28.4(3), 28.4(4"b," 28.4(5"c," 28.5(2), 28.5(3), 28.5(3), 28.5(4"c,"	
28.6(1), 28.6(3)"a," 28.7(3). Notice ARC 1070A	7/11/90
Value-added agricultural products and processes financial assistance program, ch 29. Notice ARC 1068A	7/11/90

Ch 18

Coates told the Committee that the new Work Force Investment Program was intended to assist in the effort to expand Iowa's work force. Employment training opportunities will be available to Iowans who face barriers to employment and who have not been within the scope or eligibility requirements of the current traditional job training programs. Proposed projects must be developed by multiple agencies and will be rated in part by the amount of coordination and multiple agency involvement, including joint funding. There were no oral or written comments made at the August 7 hearing.

Priebe took the position that this program should be coordinated with the other two grant programs.

Schrader questioned why "Employed part-time" was defined as less than 30 hours per week. He thought the part-time criteria was normally 20 hours per week or 1000 hours a year. Coates replied that 30 hours had been used as a guide in other job training programs. With respect to the years of age in the definition of "Not in the work force", Coates said they have traditionally used 14 years.

Ch 22

Miller reviewed amendments to Chapter 22 and reported that no comments were received at the hearing. However, at the recommendations of the ARRC, revisions were made regarding quorum of the CEBA Project Review committee. Three votes of the five members will be required to take action.

Tieden questioned the substitution of "county" for "area" in 22.7(2). He noted that, in his district, one city was on a county line and another was at a junction of 4 counties. Miller responded that data was available only on a county-wide basis. He added that ideally, they would use data from a labor area but they must rely on the Job Service survey. In the situation of a city in 4 counties,

ECONOMIC
DEVELOPMENT
Contd.

Miller said they have to use the county of origination. Admittedly, this creates inequities.

Schrader asked how the county wage scale was determined and Miller said that quarterly Job Service survey data was used. Governmental entities, such as the University of Iowa or Clarinda facilities are removed from the data to provide a closer manufacturing wage level. Three-fourths of that figure is used and each business must meet the criteria, to be eligible for rating for funding. Schrader mentioned a Waterloo area complaint that counties with the least industry were receiving awards. Miller was aware that by using "counties" as a definition, smaller communities are penalized when they must compete with higher wage levels. Proposed alternate solutions have been considered but abandoned because of a different set of problems.

Pavich in the Chair.

Ch 29

Miller reviewed new Chapter 29 which would implement a new program authorized by 1990 Acts, S.F.2385. He stated that \$209,000 was a specific line item for this program. No oral or written comments were received on the Notice.

Ch 23

Palmer reviewed the proposed amendments to Chapter 23. He anticipated \$20 to \$22 million from the Federal Government for continuation of the program which was implemented in 1982. Two of the major changes this year include the addition of points to accommodate the Community Builder Program and elimination of the drought setaside, for obvious reasons.

Schrader expressed opposition to setting aside as a point of total program funds--23.6(3). He asked about funding for the lake in Clarke County for Creston. Palmer indicated that drought setaside was used. Schrader questioned use of CDBG funds for an ongoing program when the appropriation for that lake had been vetoed. Palmer explained that programs have been ongoing for several years and the Department was reducing the available amount. Schrader was supportive of the reduction. Palmer clarified that the net result shows 15 percent more of the total available funds for the competitive program this year.

Ch 26

In review of amendments to Chapter 26 relative to the rental rehabilitation program, Palmer informed Doyle that manufactured housing could not be included.

Ch 28

Palmer summarized proposed amendments to the Rural Community 2000 Program which will be allotted \$2,100,000 this year. The program will run concurrently with the CDBG Program and some will qualify for both programs.

Tieden observed that applicants certified under the Community Builder Program would be eligible for 20 bonus points--28.4(5)c. Palmer said that this could be significant but they were never sure of the point spread.

ECONOMIC DEVELOPMENT Contd.

8-14-90 Palmer advised Schrader that new language in 28.4(3)b(6)

was requested by applicants. Palmer agreed to clarify that the provision would be limited to successful applicants.

LAW ENFORCE-MENT ACADEMY Appearing for the Academy were Ben Yarrington, Director and William Callaghan, Counsel.

LAW ENFORCEMENT ACADEMY[501]

Ch 11

Yarrington told the Committee that new Chapter 11 and coordinating amendments were intended to implement Iowa Code Supplement section 321.52 relative to vehicle salvage theft examination and component part review examinations. There were no comments on the rules at the public hearing but Maringo Deputy Sheriff William J. Keegan had sent a letter prior to the hearing. had expressed opposition to the requirement for 48 or more salvage vehicle examinations within a two-year period to avoid recertification. Keegan had contended that undue hardship would be placed on smaller departments if the entire training were required. He suggested short refresher courses.

Schrader was not convinced that the inspections should be limited to certified law enforcement officers. Callaghan interpreted the statute as requiring this procedure.

Schrader recounted his experience with inspection for a rebuilt car. A highway trooper responded to his request for a second inspection and spent a great deal of time. It seemed to him that this type of assignment was menial for someone with the training and skill of a peace officer. Yarrington indicated that those who performed the inspections prior to the law change have been grandfathered in through the Law Enforcement Council.

Motion

Schrader moved to refer the issue of salvage vehicle examinations to the Speaker of the House and President of the Senate for referral to the appropriate committee. He suggested change in the law to allow inspections by trained individuals other than law enforcement officers. Motion carried.

Committee members clarified that the motion does not impact Chapter 11 of Law Enforcement Academy rules.

Recess

Priebe took the Chair and recessed the meeting at 11:45 a.m. for lunch.

The meeting was reconvened at 1:45 p.m. and Chairman Priebe called up the following:

INSPECTIONS AND APPEALS INSPECTIONS AND APPEALS DEPARTMENT[481]

Special Review--Targeted Small Business--Eligibility 481--25.4(3)b

IAC

Appearing for the department were John Barber, Chris Smith, Sharon Gilbert, Janis L. Curtis, Sherry Hopkins and Rebecca Walsh.

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INSPECTIONS AND APPEALS Contd.

There were no recommendations for amendments to 71.1 and 71.6.

Special Review 25.4 Royce advised that special review of 25.4(3) b had been requested by Pavich. Pavich introduced Erma and Eastman Chance who have a CPA firm and are appealing a recent denial of a Targeted Small Business application. Chairman Priebe recognized Erma Eastman who commented on Chapter 25 generally and suggested clarification in several areas.

Walsh pointed out that a new draft of the rules was in process and would be filed emergency.

Chance then focused on 25.4(5) b which provided: The length of time the minority woman has controlled the business will also be considered. A recent transfer of ownership by a nonminority or a male to a minority or female will be reviewed to determine whether the minority or the female were either the original owner or the principal decisionmaker or policymaker of the existing business. Transfers since July 1, 1986, are considered recent and these companies will not be certified. Chance questioned use of "July 1 of 1986" and Walsh stated that the paragraph had been changed.

Department officials stressed that the rule was intended to prevent any indiscretion against the targeted small business program. There was discussion of various types of transfers and the two-year waiting period.

Schrader reasoned that the last sentence of \underline{b} would have to be deleted in order to provide discretion.

Royce suggested, "Transfers within the last two years will be presumed to be for the purposes of improperly transfering assets but this presumption may be rebutted by evidence submitted by the petitioner."

Priebe offered the following language, "Transfers since July 1, 1986, are considered recent and these companies will not be certified unless evidence substantiating the transfer is received."

Chance also cited 25.6(2) problems with signatures required by the lending institutions.

Chairman Priebe pointed out that today's review was limited to 25.4(3)b. Tieden suggested that Chance be allowed to give her testimony on 25.6 today for consideration at a subsequent meeting. There were no objections.

Chance interpreted 25.6 as precluding the husband of a small businesswoman from cosigning on the loan even if they have the same expertise.

Motion

Pavich moved that rule 481--25.6 be placed on the September agenda. Motion carried.

Chance also wanted further interpretation of 25.6(3).

Appearing for the Department were: Ronald Rowland; Jake Wakefield; Dr. L. A. Andersen, Assistant State Veterinarian; John Henshaw; Arlo Hullinger; and Steve Pedersen. Also appearing were: Angela Anderson, Executive Director, and Daryl Christensen, President, Iowa Poultry Association; Darrell W. Trampel and Jerry Bane, Weights & Measures; and Morris Boswell, Sheep Bureau. The following agenda was considered:

AGRICULTURE AND LAND STEWARDSHIP DEPARTMENT[21]	
Dairy industry commission, rescind 310-ch 1, Notice ARC 1046A	7/11/90
Pilot lamb and wool management education project, 15.2, 16.3(1). Notice ARC 1057 A	7/11/90
Poultry, 60.1, 60.2(2), 60.3, Notice ARC 1100A	7/25/90
Registration of lows-foaled horses and lows-whelped dogs, 62.1, 62.3, 62.3(1)" to "h," 62.4, 62.12(3), 62.12(4),	
62.14(1), 62.15(2), 62.15(4), 62.16(5), 62.16(6), 62.22(8), 62.22(4), 62.24(1), 62.25(2), 62.25(4), 62.26(5), 62.25(6).	
62.52(3), 62.52(4), 62.54(1), 62.55(2), 62.55(4), 62.36(5), 62.36(6), 62.41, 62.41(1), 62.43, Notice ARC 1648A	7/11/90
Infectious and contagious disenses — poultry and birds, 64.34(5), 64.35, 64.35(4), Notice ARC 1102A	7/25/90
Livestock importation — poultry, 65.11, Notice ARC 1101A	7/25/90
Dairy farm water supply, 68.35, Notice ARC 1034A	7/11/90
Weights and measures — standards for construction of scale plt and installation of pitless scale, standards for	
gasoline labeled as "leaded," 85.11(1), 85.12(3), 85.48(15), Notice ARC 1047A	7/11/90

310--Ch 1 Rowland explained that 310--Chapter 1 would be rescinded since the Dairy Industry Commission was nonexistent at this time. Code Chapter 179 provides for suspension of the commission when a national milk marketing order is in effect.

15.2, 15.3 There were no questions on proposed amendments to 15.2 or 15.3.

Ch 60

Dr. Andersen pointed out that three sets of rules pertained to poultry, being Chapters 60, 64 and rule 65.11. Andersen said that the Department worked with the Poultry industry in preparing the amendments to Chapter 60 which will comply with the National Poultry Improvement Plan. Iowa participates in that Plan and is recognized as being pullorumtyphoid free as of March 1, 1976.

Priebe noted that the date certain had been stricken in 60.2(2) and requested that the most recent date be reinstated.

Tieden questioned new language in 60.1(3) which referred to the Iowa Poultry Association as a state agency. A, Anderson clarified that the association had been a state contact agency for some time but she was willing to add "contact" before "agency".

Ch 62

In review of amendments to Chapter 62, Rowland said there had been no comment from the industry on the proposal.

In response to Priebe's question regarding 62.15(2)d-Iowa-eligibility of a foal, Henshaw stated that some want
the local veterinarian to verify a specific location of
a foal. Henshaw continued that the words "inspected by
the Department Inspector" were added because of litigation
regarding acceptance of another veterinarian's word that
the horse was in a specific place. Cost for the inspector
is paid out of unclaimed winnings. Rowland estimated
\$150,000 for the program.

AGRICULTURE AND LAND STEWARDSHIP Contd.

Dr. Andersen said that Chapter 64 addressed exhibition requirements for 4-H, FFA and county fairs. The requirements were similar to those for the State Fair. A certificate will be required to show that the bird originated from a typhoid-clean flock or the bird must be tested within 90 days of exhibition by an authorized tester.

Priebe suspected that some county fair exhibitors would not be happy with this rule. A. Anderson reiterated that this is standard requiring testing of all poultry to be exhibited. She had talked to those affected by the rules and no problems were anticipated when people know what is expected. A. Anderson stressed the importance of protecting all birds, including the exotic species.

Priebe was concerned about costs to young people in 4-H projects and he wondered about an exemption for birds which will be sold for slaughter. A. Anderson thought this approach was a possibility. However, she pointed out that an "authorized tester" was defined as someone who has attended a training session by the NPIP Extension Office. Technically, these young exhibitors could test their own birds.

Priebe spoke of the difficulty in finding poultry judges for the fairs. It seemed to him that the children would be forced to join the NPIP. No formal action.

65.11

Dr. Andersen said that amendment to 65.11 will require all poultry included in the National Poultry Improvement Plan to meet import requirements. Exception would be poultry imported for immediate slaughter. Andersen indicated that "contact" would be inserted before "state agency" in the rule.

68.35

Hullinger told the Committee that Code \$192.201(8) requires the Department to ensure that water used on a dairy farm originates from a safe source. Previously, there were no In response to Priebe, Hullinger explained frostfree hydrant locations. No Committee action.

CH 85

Rowland presented amendments to Chapter 85 and there were no questions.

ENVIRON-MENTAL PROTECTION Appearing for the Commission were Randy Clark, Wayne Reed, Diana Hansen, Ralph Turkle, Victor Kennedy, Gaye Wiekierak, Morris Preston and Gayle Farrell. They presented the following:

NATURAL RESOURCES DEPARTMENT[561] "umbrella"

Sanitary Disposal Projects--567 Chapter 104

ENVIRONMENTAL PROTECTION COMMISSION[567]

Selective Review of Recycling and Waste Management Relative to Tires, 567 IAC 104

No questions on amendments to 39.8.

Chs 60,61

Hansen and Turkle described amendments to Chapters 60 and 61 as further revisions of the water quality standards. Instream criteria has been added and essentially the numerical criteria or the value found in Table 1 were based upon EPA data. Hansen was willing to add dates certain where necessary.

Priebe and Turkle discussed stream flow used in determining wasteload allocations--61.2(4)c.

Chs 100,101

According to Kennedy, amendments to Chapters 100 and 101 would govern handling of the disposal of farm wastes on site at the farm without the requirement of a solid waste disposal permit.

Schrader took the position that the recommendations went far beyond the farm landfill issue. Kennedy agreed that there was also information on the comprehensive planning for sanitary disposal projects which was directed by the Legislature. A 50 percent reduction in waste is mandated over the next four years. [H.F.7537]

Ch 109

No recommendations on amendments to Chapter 109.

Ch 118

Kennedy explained that new Chapter 118 addresses the removal and disposal of PCB mechanisms of white goods such as washers, dryers, air conditioners, refrigerators, etc. No questions.

567--Ch 104

Chairman Priebe announced special review of 567--Chapter 104, "Sanitary Disposal Projects," as it related to recycling and waste management of tires. Present for this review were Eleanor Kaiser, owner of RoseBar Tire Shredding Company, Don Ervin and Senator Joseph Coleman.

Coleman expressed his opinion that the rules should be clarified for special targeted business, e.g., the processing of tires. He added that many of the restrictions such as storage in leakproof facilities should not apply to the processing of tires.

Preston responded that the Department plans to address the problem of tires. He anticipated recommendations for licensing recycling facilities and undoubtedly the requirements would differ from existing rules. Preston reminded that the Department could grant variances, citing differing conditions.

Kaiser described their operation which includes chipping tires and making them into different products, including fuel. They are awaiting results of emission control tests on the fuel conducted at the University of Iowa. This fuel has passed the test in eight states. It was noted that this project is state-financed.

Preston spoke of vigorous review of air emissions for toxins from all types of refuse driven fuels that delay the utilization of alternative fuel sources such as fuels generated from garbage or tires. The testing is performed by private contractors laboratories and those results are slow in coming. It was Kaiser's understanding that although a shredding facility in Des Moines had operated one year without a permit, RoseBar could not. Preston clarified that the permit for the Des Moines operation did not include tire shredding initially. He added that the RoseBar facility was financed through a grant from the state, conditioned upon having a permit. In the case of Ervin, the Department through a legal proceeding, compelled him to obtain a permit after he had been in violation of the rules for a lengthy period.

Schrader asked for clarification as to focus of the issue.

Coleman reiterated his recommendation to draft rules limited to disposal of tires.

Research in recycling had revealed to Ervin a definite need for recycling plastics, paper and tires--plastic and tires comprise approximately 90 percent of landfill volume. After seeking guidance from DNR in 1988, Ervin received a letter from Peter Hamlin stating that a permit would be However, reams of laws or rules did not seem applicable to his needs. When Ervin had questioned Hamlin as to the meaning of "reasonable amount of time," for stockpiling tires, Hamlin suggested about two years. was aware of other piles of tires which had been in existence much longer. He commenced his operation in June of 1988 and in August of that year bought their existing plant site of 13 acres with a building of approximately 20,000 square feet and an adjoining storage building. An inspection was made by Clay Swanson, Mason City, DNR, and everything was fine.

In 1989, DNR informed Ervin that a change in the rules limited stockpiling to no more than 90 days. Ervin offered numerous examples of his correspondence with DNR officials and ensuing frustration and financial burden.

Priebe reasoned that there was a definite need for tire disposal. He had seen products of Ervin's operation which appeared to be useful.

Kaiser reported that RoseBar was hopeful that equitable enforcement of rules would be possible.

In response to Priebe, Kaiser stated that they had received a grant of \$365,000 but have a million dollar operation.

Priebe expressed the opinion that large operations such as Pirelli or Firestone should not receive preferential treatment over smaller facilities in the state.

Kennedy commented that RoseBar and Don Ervin had applied for recycling permits. RoseBar's application was clearly for a recycling permit. However, there was confusion as to whether Ervin's was for a disposal or recycling permit. Preston interjected that Ervin was allowed to operate his shredder after his permit was issued. Preston continued that Ervin purchased the shredder after the Department insisted the large stockpile of tires be disposed of properly. Situations differed at each facility and Preston maintained that DNR handled the waste management facility with a reasonable approach. That facility had applied for the appropriate permit but unfortunately started operation before they had the permit. The Department has a policy of allowing an opportunity for compliance before they pursue enforcement action. Ervin failed to comply and enforcement action was taken.

Ervin disagreed with Preston's assessment of events.

Kaiser raised the question as to confidentiality when pictures are taken of a facility and information provided. She pointed out that the business was very competitive now. Doyle mentioned Code provisions for trade secrets and Royce referred to the Department's rules governing confidentiality.

Priebe had learned of Tennessee's new innovative laws on solid waste. Ervin spoke of the good system in Minnesota and his continued disillusionment with Iowa policy.

Priebe pointed out that the Committee could take no action on the issue but could make recommendations to the General Assembly.

Clark asked why the Department wanted the pictures and Preston explained that they were taken to show the Commission. Videos and photographs from the air show the two operations and offer some perspective.

Pavich suggested that agencies should apprise small businesses of their rights regarding trade secrets.

Schrader wondered if the equipment shown on the video were purchased with state grant dollars and Kaiser responded in the affirmative. Schrader complained that the discussion had failed to focus on the rules in question. He concluded that the many allegations and responses by the Department could not be addressed by the ARRC.

Kaiser stated that 75 percent of their equipment was state funded. She emphasized pride in their facility but reasoned that it was not sound business practice to reveal certain trade secrets. They resisted request by DNR to obtain a list of their customers.

Schrader saw this type of problem as one of contract as opposed to rules.

Clark suspected that the problem stemmed from the lack of specific rules on the tire recycling issue and wondered if the Committee should go on record as supporting corrective legislation. A second problem in Clark's opinion, was the Department's shifting of the "playing field during the game."

Priebe recalled complaints over the years but conceded that DNR has a "tough job."

It seemed to Tieden that the Department had created nothing but "roadblocks" for Kaiser and Ervin. Preston admitted that a very grim picture had been painted today which was surprising to him considering the amount of assistance that the Department provided.

Priebe concluded that every effort should be made for a successful recycling program for tires.

Coleman thanked the Committee for their indulgence.

Recess

Schrader moved to recess the meeting at 4:05 p.m.

Reconvened

The meeting was reconvened at 9:15 a.m., Wednesday, August 15, 1990, by Chairman Priebe who called up Personnel Department.

PERSONNEL DEPARTMENT

Appearing for the following agenda of the Department was Clint Davis:

PERSONNEL DEPARTMENT[581]

4.5 et al.

Davis reviewed proposed clarifications in 4.5(3) et al.

Davis informed Priebe that provision in 4.5(3) a would not apply to employees covered by collective bargaining. Essentially, the ideas in these amendments (ARC 1051A) would have to be negotiated for collective bargaining.

Priebe questioned reason for the 5 and 15 percent in 4.5(3) and \underline{b} and Davis said that 5 percent was for a one-time, special occurrence which would not increase base pay. The 15 percent is a maximum for on-going exceptional performance. Evaluation of the employee will be made by management in the individual department. Davis clarified that option to negotiate these concepts would be available any time.

Ch 21

Greg Cusack, Deputy for Benefits, IPERS, described amendments to Chapter 21 as their attempt to comply with statutory changes by 1990 Acts, H.F. 2543--the most significant far-reaching pension reform in 15 years.

Doyle was interested in knowing which areas presented challenge in interpreting the law. Cusak responded that there were several "tough spots." He cited the expanded buy-in program

PERSONNEL DEPARTMENT Contd.

which allows credit for service from other employment. By allowing federal employees to buy in their time, questions have been raised as to who is a federal employee and how does one construe, for example, a postal worker before or after a certain date. The agency wants to be fair but as soon as the law changed, they were flooded with applications. They feel an obligation to be confident with the initial decision since it will be a precedent. Cusack continued that interpretation of disability provisions, has changed because of added language which provides that before 55 you must terminate because of disability. The old law used retire because of dis-In theory, a person who terminated public ability. employment and went elsewhere, and years later applied for retirement, if in the interim he or she became disabled, the agency now believes they would have to accept that as qualifying. Prior to the new law it would not have been qualifying. Cusack suspected there would be suggestions for legislation as problems unfold.

Doyle had received many questions from the military concerning buy-back. Cusack indicated that they recommended that the purchase of all buy-in time be valued at the most recent years value—the high values. It is those years which usually qualify the employee for Rule 92. Cusack explained that there is benefit accrual even though an individual has exceeded 30 years of service. It is also true for anyone who is above the covered wage ceiling now even if the ceiling is going up \$3000 a year. Therefore, the high three benefits greatly. Cusack concluded that buy-in costs for these systems should be higher because the pay-in will be recovered within two to three years.

Cusack advised that IPERS buy-back forms should be available by November or December.

Cusack discussed interpretation of "the most recent calendar year" for reportable wages. Cusack informed Priebe that 30 years of service ensures maximum benefits. However, Rule 92 changes have caused some difficulties. Anyone who qualifies for Rule 92 under the new law does not have the age reduction but without 30 years of service, the service multiplier still applies. Anyone retiring on or after July 1 of this year will get that 52 percent. No other questions.

INDUSTRIAL SERVICES COMMISSION

Appearing for the Commission was Clair Cramer, Acting Industrial Commissioner, who presented the following:

There were no questions.

PUBLIC SAFETY

Ch 18

Michael Coveyou appeared for the Department and explained new Chapter 18, "Handicapped Parking," adopted and published 7/11/90 IAB as ARC 1055A. Coveyou stated that changes from the Notice will bring the rules into compliance with S.F. 2044. He noted that an emergency filing would correct an error in the rules.

PUBLIC SAFETY Contd.

Coveyou said that the League of Municipalites has indicated agreement with the rules. No Committee action.

Pavich in the Chair.

REAP Special Review Kevin Szcodronski, REAP Coordinator for the DNR was present at ARRC request to discuss the Resource Enhancement and Protection Program (REAP). Schrader was concerned that criteria to be used for evaluating grants was deficient and discussion focused on 33.30(4), project selection criteria.

Szcodronski offered background information and added that these rules were applied last February and they will be followed again for county projects after the August 30 deadline for applications. Last February the Scoring Committee reviewed and ranked 84 applications in two to Szcodronski recalled comment by the Scoring three weeks. Committee that the criteria failed to favor enough high quality land acquisitions as intended by REAP program. was then decided to apply a weight factor 3 which gave a priority to high quality land acquisition resulting in the top six projects being awarded grants for land acquisitions. Later, Staff subtracted that new criteria but the same high scoring projects remained. Complaints were voiced by County Conservation Boards who suspected that development projects would never be funded. Szcodronski offered further information on subsequent meetings with the Iowa Association of County Conservation Boards and the REAP Congress which favors land acquisition. Additional rule making was anticipated.

Schrader reiterated his opposition to changing criteria after the RFPs have been sent to the grantees. Programs are built around the grants and available money. He was reluctant to place any cloud on the REAP program which he strongly supports, but he emphasized that the rules should contain criteria for everyone to follow.

Schrader recalled a similar issue with solid waste grants by the Waste Management Authority where extra criteria worth so many points was added after the RFPs were sent out. After complaints were voiced, opportunity was given to amend applications.

Szcodronski felt comfortable that affected persons were knowledgeable about REAP criteria.

Pavich took the position that criteria should be set out in the rules.

Szcodronski was willing to offer all 99 counties opportunity to rewrite their applications.

Schrader was hopeful for a reasonable solution but stressed the need for rule revision to show how points are awarded.

Priebe in the Chair.

EDUCATION DEPARTMENT

David Bechtel, Education Department, was in attendance to continue review of [281] Chapter 17, Open Enrollment. Also appearing were Rick Engle, Klemme School District; Calvin Bruggeman and Luverne Schmidt, Klemme School Board; and Representative Stewart E. Iverson, Jr.

Royce pointed out that discussion had narrowed to subrule 17.4(2)c, with respect to good cause for filing after the October 30 deadline for open enrollment as it applies to whole-grade sharing arrangements. The rule essentially allows open enrollment if the school has entered into a whole-grade sharing arrangement and parents have timely filed to opt out of the agreement. He added that the statute simply provides that good cause for open enrollment means failure of negotiations for whole-grade sharing--S.F.2306,§2.

Bechtel referred to the definition of good cause in section 1 of the Act and spoke of their frustration in looking at the issue of "failure" of negotiations. Bechtel said that the State Board adopted the Noticed rules last week with the understanding that their interpretation was open for objection.

Engle reported that the Klemme School Board had approved all the late open enrollment requests for reasons of peace and harmony even though they disagreed that the action complied with the intent of the law. Engle discussed failure versus success of a whole-grade sharing agreement and urged examination of the effect of the rule on potential success of an agreement. He recounted advantages of whole-grade sharing to expand the curriculum in a small district such as Klemme by sharing with a district like Belmond.

Engle added that allowing people to "opt out" after the fact can undercut the effectiveness and the viability of whole-grade sharing agreements. Engle referred to Code section 282.11 which places restrictions on opting out of a whole-grade sharing agreement. It seemed to him that the legislature, in S.F.2306, logically would have stricken that complete section if they had intended to throw the door wide open. He wondered why a board would deliberate long and hard about whether geographic hardship had been met or whether educational program needs were better served or not better served, if a person could later get out because they had been turned down under one of those two reasons earlier on. Engle spoke of certain financial assumptions when an agreement is negotiated.

Priebe commended the Klemme District for their compromise. He added that the law was very specific that the Board must act on open enrollment requests within 5 days. It was Priebe's opinion that when the whole-grade sharing plan failed, it was a matter to be addressed by the Klemme Board and the State Board.

EDUCATION DEPARTMENT Contd.

Schrader agreed that open enrollment has the ability to undercut a sharing agreement which was the reason he opposed the original open enrollment bill. Senate File 2306 was an attempt in 1990 to provide everyone an equal opportunity to use open enrollment. With respect to legislative intent, Schrader had visited with Senator Larry Murphy who concurred with him that legislative intent on this issue was "a similar circumstance" would include the initiation of a sharing agreement. However, a letter from Representative Arthur Ollie revealed the exact opposite position. Schrader reasoned that since two Education Chairs have different interpretations of intent, the Department must follow the letter of the law.

Iverson indicated that he had served on the subcommittee which devoted many hours to the open enrollment issue. It was his opinion that failure of negotiations was the success or failure of the school's decision to enter into a whole-grade sharing. It was not from the parents perspective. Iverson's greatest concern was that a dangerous signal was being sent. Why should school districts enter into a sharing arrangement if people are going to open enroll out if they are displeased. He favored clarifying legislation.

Bechtel said that the scope of what can be considered to allow the parents to petition out of the whole-grade sharing was very narrow. He continued that another side of whole-grade sharing was that it may have been designed for educational opportunities and expansion but it also can be used as the defensive mechanisms by school districts to prevent something else. With open enrollment, there is basically one year's difference—if the parent wants out, they will go the next year. Bechtel took the position that if they continue to allow a parent to petition out of a whole-grade sharing, there should be a change in the parameters and the conditions under which that can be done.

Iverson concurred that petitioning provisions should be amended.

Bechtel informed the ARRC that he would refer any objection to the Board before the rules are finalized.

Priebe recalled his support of open enrollment at the outset even though, in some instances, it has been abused. He favored modification of the statute with respect to grade sharing and referral of the open enrollment issue to the General Assembly.

There was review of ARRC options with respect to the rules.

Schrader recalled that the objection voted on the Badger-Fort Dodge issue was based on the failure of the rules to implement legislative intent. There was unanimous agreement as to what legislative intent was in that area. He could not support an objection on today's issue because of the difference of opinion about legislative intent.

EDUCATION DEPARTMENT Contd.

Royce had reviewed this issue a number of times and advised that the rule as written was unreasonable. In reading the statute, he believed there was an attempt to punish those who did not adopt a whole-grade sharing arrangement, by saying they would allow those students to enroll out. To him that differed from allowing open enrollment for those who do have a whole-grade sharing arrangement. The end result will be to ultimately discourage the use of whole-grade sharing arrangements. Royce viewed agreement as a last-ditch effort to save a district before reorganization. He concluded, "For that reason I think the statute was properly limited to those cases where it was a failure of whole-grade sharing."

Motion

Tieden concurred with Royce's assessment of the issue and moved to object to 17.4(2)c.

Schrader disagreed that there was any intent to punish any school district for initiating or failing.

Chairman Priebe called for disposition of the Tieden motion and it failed on a 3 to 3 vote.

Motion

Pavich moved to refer the issue of open enrollment [281--Ch 17] to the Speaker of the House and President of the Senate for study by the appropriate committees. Motion carried.

Bruggeman stated that the Klemme District went into the program with an understanding that the district could be preserved. He expressed the opinion that the law was poorly worded and has created much confusion.

Iverson expressed his appreciation to the ARRC for referring the open enrollment issue to the General Assembly since there was a definite need for statutory revision.

Schmidt referred to the list of 10 reasons for open enrollment and questioned whether some were realistic, e.g., peer group, or friends going to the school. No further action.

PUBLIC HEALTH

Appearing for the Department was Carolyn Adams and Martha Crist.

PUBLIC HEALTH DEPARTMENTIG411	
Governor's alliance on substance abuse, amend and transfer 641—ch 91 to 551—ch 10. Notice ARC 1088A	7/25/90
paramedics, 132.3(2), 132.4(1)"n," 132.4(8), Filed ARC 1059A	7/11/90

Martha Crist represented the Governor's Alliance on Substance Abuse. She explained that the Alliance had transferred from the Department of Public Health to the Drug Enforcement and Abuse Coordinator. This notice also proposes to transfer the rules governing the drug control and system improvement grant program from Public Health to the Coordinator. Administrative changes have been made and references to the high risk grant program have been deleted since it is now administered by the Division of Substance Abuse.

PUBLIC HEALTH Contd.

Both the Narcotics Enforcement Advisory Council and the Prevention and Education Council are now under the Drug Coordinator with the same duties performed by the Alliance.

Priebe raised question as to quorum requirements and Crist said they were listed in the statute. The rules address the Grant Review Committee which can make recommendations but cannot vote. Membership of the Grant Review Committee is open to the discretion of the administrator.

Schrader observed use of Alliance in the rules and Crist said the confusion stems from the fact that their office has the same name as the outside committee. References to Alliance now merely refer to the staff office of the Governor's Alliance on Substance Abuse.

Schrader was concerned as to who administers the grants. Crist clarified that the term "alliance" was synonomous in this regard, with "department." Dierenfeld interjected that the "Alliance" was an office previously located in the Department of Public Health which has now been transferred to the Drug Coordinator's office. Crist emphasized that the grant process was not changing.

After further discussion, Chairman Priebe directed Royce, Dierenfeld and Barry to confer in an attempt to resolve the matter.

There was discussion of 1986 Reorganization which create the "umbrella" concept with basically autonomous Divisio ,, Boards and Commissions attached to an unbrella. This concept is being ignored when new agencies are created making it extremely difficult to place them in the Iowa Administrative Code.

DEAF SERVICES Toni Dunne represented the Deaf Services for the following:

DEAF SERVICES DIVISION[429] HUMAN RIGHTS DEPARTMENT[421] **umbrella**

Dunne explained the amendments to 1.2(1) et al. as reflect-

ing name and address changes and clarifying certain procedures.

Priebe asked about the confidentiality policy between the division staff person and client and the form which expires at the end of each fiscal year. Dunne responded that the form is not changed but a new one must be filled out each year. Clark suggested substituting: "The client shall be required to fill out a new intake form each year." for the last sentence of 4.1(1).

Schrader wondered if the confidentiality policy would expire also. Dunne said that was not the intent. The ARRC suggested rewording of subrule 4.1(1) for clarity.

DEAF SERVICES Contd.

Doyle observed that office hours were not listed in all instances. Dunne said that normal hours are 8 to 4:30 and they have listed the exceptions. Doyle was aware of the court's concern about accuracy and reliability of the foreign language interpreters. He recognized that part of the confusion could be attributed to the slang expressions of the different languages. No formal action.

PUBLIC HEALTH

132.3, 132.4 Dennis Carr, Board of Medical Examiners, explained amendments to Chapter 132 relating to advanced EMTs which are regulated by the Board. Students enrolled in out-of-state training programs may participate in clinical or field experience in Iowa. Applicants may retake the didactic portion of the course as opposed to the entire course within a two-year period after the third failure. Under the revisions, fees will not be refundable which is consistent with various licensure and certification. No Committee recommendations.

UTILITIES DIVISION

Appearing for the Division were Vicki Place, Cindy Dilley and Anne Preziosi. Also appearing were Bill Haas, Consumer Advocate; Stan Bonta and Keith Luchtel, Iowa Society of CPAs; and John Lewis, Iowa Utility Association. The following agenda was considered:

 UTILITIES DIVISION[199]
 7/25/90

 COMMERCE DEPARTMENT[181] **umbrells*
 7/25/90

 Simultaneous briefs, 7.7(127'a," Filed ARC 1104A
 7/25/90

 Utility audit workpapers, 19.2(6), 20.2(6), 21.2(3), 22.2(7), Notice ARC 1045A
 7/11/90

 Low-income telephone connection assistance application, 22.18(4), Filed ARC 1103A
 7/25/90

7.7(12)

No questions on 7.7(12).

22.18(4)

Preziosi said that two comments were received on amendments to 22.18(4). The Iowa Telephone Association supported the changes as proposed and has already incorporated them in a brochure sent to all local exchange companies. The Consumer Advocate suggested rewording the proposed new language to further clarify the procedure for an applicant who is eligible for a different social services program but not participating therein. The Board adopted the amendments as revised.

19.2, et al.

Preziosi said that amendments to 19.2 et al. suggested by the Consumer Advocate would require every rate-regulated utility to maintain at its home office copies of all outside auditor workpapers and related audit notes. The Board added clarifying language limiting applicability to rate-regulated utilities. Preziosi reviewed Consumer Advocate's contents of the petition for the rulemaking.

Luchtel had provided the ARRC with a written statement on behalf of the Iowa Society of CPAs. He contended that the amendments exceed the statutory authority of the Board which does not include involvement with the books and records of a regulated utility company or jurisdiction to include the third party--the independent auditors. Luchtel continued that it was universally accepted that workpapers in a CPA audit were confidential to enable the audit process to function properly. He was willing to work with

UTILITIES DIVISION Contd.

the Office of Consumer Advocate to resolve any problem with the system.

Haas addressed the Committee with respect to the petition by the Consumer Advocate. He called attention to the 10month deadline imposed by the statute on the Board to conduct rate proceedings. The Advocate has an average of 6 to 7 weeks to carry out the statutory function of investigating utility rate increases. They have found audit workpapers to be a valuable source of information. He cited an example of the Advocates investigation regarding a recent Iowa Electric case which will result in a sayings to rate payers of five million dollars annually. Those audit workpapers played an important role. excessive travel costs could be cut by having workpapers at the utilities headquarters. Haas agreed that the proposed rules were overly broad and the Advocate will comment when their counterstatement position is submitted in the rule-making proceeding.

Clark brought up the matter of rural yard lighting. It was her understanding that Iowa Power would discontinue that service which would amount to a rate increase. Priebe commented that generally the yard light was not metered. It was Schrader's understanding that the lighting program would be eliminated through attrition. This would seem to be consistent with legislation concerning competition between private enterprise and utilities. Every electrical contractor sells and services those lights.

Lewis suspected that any change in rates would be governed by tariff filing. Place thought Clark had reference to the Lightwatchman which was addressed in Iowa Power's RQ8810 rate list but she would pursue that and contact Clark.

Lewis concurred with Schrader that S.F. 373, passed in 1989, would substantially impact utility matters—the key being, which side of the meter is it on? With respect to audit workpapers, Lewis reminded that the Utilities Board and Consumer Advocate already have authority to require data from utilities.

REVENUE AND FINANCE Appearing for the Department were Carl Castelda and Dennis Meridith, who presented the following:

REVENUE AND FINANCE DEPARTMENT[701]	
Practice and procedure before the department of revenue and finance, 7.1, 7.12, 7.13, 7.141), 7.1412, 7.150,	7/25/99
Exempt sales — carbon dioxide. 17.3, Notice ARC 1080A.	7/25/90
Taxable and exempt sales — E911 emergency telephone service access lines, 18.20(1) c. <u>Notice</u> Arc 1993	17 614 50
ma to Mulius ADC 1005 A minus Filod Frengrandry ARC 1084A	7/25/90
37.18. Determination of net income, adjustments to computed tax, withholding, fiduciary income tax, 40.21, 40.27, 40.27(2), 40.33, 40.36, 40.39, 42.2(3), 42.2(3), 42.2(6), 42.2(9), 42.9, 46.1(1)*b*(3) and (6),	7/05/00
89.10(5), Notice ARC 1094A.	7/11/90
Inneritance tax, 36.167, 36.001, 36.101, 122.1 to 122.4, 123.2, 123.8, 123.5 to 123.8, 124.1, 124.3 to 124.6, 125.1, 125.2, Filed ARC 1080A.	

Ch 7 No questions on Chapter 7.

17.3 Castelda said that proposed 17.3 adopts provisions of S.F. 2406 which provides that carbon dioxide used in association with processing is a chemical and qualifies for processing exemption.

-4412-

	•	8-15-90
•⁄	REVENUE AND FINANCE Contd. 17.23,	According to Castelda proposed amendments to 17.23 and 19.12 implement H.F. 2551 which exempts from sales tax the grocery receipts of all sales, goods, wares, merchandise or services used for educational, scientific, historic preservation, or aesthetic purpose to a nonprofit
	19.12	private museum. It also provides that a private nonprofit museum is eligible for refund of sales tax on a construction contract. Basically, nonprofit private museums have the same status as a governmental unit for sales tax purposes.
	18.20	Revision of 18.20 reflects the increase in sales tax exemption from 25 cents to \$1 for 911 telephone serviceH.F. 2512.
	40.21, et al.	Meridith advised that amendments to 40.21, et al. will implement various changes in Iowa individual income tax. He pointed out that 42.9(3) and (4) would be revised with respect to the allocation formula.
	37.18 Ch 86, 122.1, et al.	There were no questions regarding 37.18, amendments to Chapter 86 or 122.1, et al.
	SOIL CONSERVA- TION	Appearing for the Division were Joel Pille and Bill McGill who reviewed the following: SOIL CONSERVATION DIVISION[27] AGRICULTURE AND LAND STEWARDSHIP DEPARTMENT[2]] *** Department[2] *** De
ري	10.41, 12.10, et al.,	Financial incentive program for soil erosion control, 10.41, 10.51(1)"f," 10.53, 10.54(1), 10.60(1)"b," 10.60(4), 10.60(7). Filed Emergency After Notice ARC 1095A

There were no recommendations.

Recess The meeting recessed for lunch at 12:15 p.m.

Reconvened
TRANSPORTATION

Ch 60

Chairman Priebe reconvened the meeting at 1:30 p.m. and called on the Department of Transportation for the following:

TRANSPORTATION DEPARTMENT[761]	
Window Tinting, 450.1, Special Review	IAC
Odometer statement, 400.7(4)"k," 400.52, Filed Emergency ARC 1091A	7/25/90
General requirements and covenants for highway and bridge construction, 125.1, Notice ARC 1077A	7/25/90
Administrative rules and declaratory rulings, 10.2(1)"b" to "d," 10.2(2"a," 10.2(2"a," 10.2(2"b," 10.2(2"b," 10.2(3), 10.2(6), 10.2(6"a,"(3), 10.2(6"c," 10.3(1)"a,""5," 10.3(6). Filed ARC 1092A	7/25/90

Those appearing for the Department included Jan Hardy, Jody Johnson, Julie Fitzgerald, John C. Hocker, Harry H. Olson, Gordon Sweitzer and Merrill Peters. Also appearing were: Joan Grimm and Bill Hansen, Association of General Contractors; Doug Woolf, AAA of Iowa; Jim Clewell, Claims Manager for Iowa Window Tinters Assoc.; Chris Eckhart, President of S & C Automotive, Inc.; Peter R. Santoro, G.I.S. Distributing; Betsy Dittemore, Public Safety; Diane Reid, State Police Officers Council; Gary D. Windecker, Iowa Window Tinters Assoc.; Steve Eckhart, David E. Urban, Laurie Renda and Karen Renda, Iowa Window Tinters Assoc.; Ron Turner, Blaine Goff and Dewey Jontz,

Iowa State Patrol; Mike Meller, Iowa State Police Assoc.; James M. Boose, Senate Republic Staff; Thomas R. Pettersen, House Democratic Staff; Julie Craggs, Legislative Service Bureau; Wendall Cobleigh, Pro Marketing, Lincoln, Michigan; and James West, Lobbyist.

400.7, 400.52 Hardy offered background on emergency amendments to Chapter 400 concerning the odometer statement which became effective July 5 and will implement 1990 Acts, H.F. 2461. New language allows use of a separate odometer statement, if the vehicle title is being transferred as a nonconforming title document (a title issued prior to the new Iowa title which will be effective in August). The odometer statement must contain new disclosure language which reflects whether the mileage is actual, not actual or exceeds mechanical limits. It is anticipated that current "clipped titles" will be phased out within two years.

A "Sworn Statement of Fact" will be accepted by the County Treasurer or the Department in lieu of an odometer statement, under certain circumstances. It will record "Not Actual" mileage on the face of the title--400.52(2).

Priebe suspected that car dealers would use "not actual" frequently. Hardy pointed out that if "not actual" appears in the odometer statement areas, it can never be changed.

Sweitzer noted that vehicles will be depreciated in value if that statement appears on the title. This will be an incentive to report an accurate odometer reading.

125.1

John Hocker explained that amendment to 125.1 revised one specification (1105.16) and made two additions to implement H.F. 2201 regarding contracts. He provided a copy of changes to be adopted by reference.

Schrader expressed the opinion that the handout should be published in the rules for the industry and other concerned citizens.

Royce advised that technically speaking, the language published in ARC 1077A was a legal notice of adoption by reference.

There was Committee concurrence that this controversial subject of bidding contracts should be set out in the rules. They contended that the amendment, which directed that a date be stricken and the words "effective date of amendment" be added, was inadequate and confusing.

Royce explained that the changes would be applied to the manual dealing with contracts.

Fitzgerald stressed that this rule making was not unique. They tried to explain in the preamble the substance of the referenced material. She had received mixed messages over

the years as to whom she should provide copies of referenced material. She cited an example of massive adoption by reference in the DOT Manual for Uniform Traffic Control Devices which is updated periodically.

Fitzgerald recalled another recent adoption by reference of relocation of systems which was 120 pages.

Schrader found the varying degree of detail by various departments to be confusing.

Hanson had no problem with the first rule on naming a subcontractor, or the third rule relating to value engineer.
However, the second part relates to the whole raucus of
the last legislative session over the Disadvantages Business
Enterprises (DBE) rules. Hanson furnished copies which
showed what was under H.F. 2201. For example, Section 4 of
H.F. 2201 mandated that the DOT establish affirmative action requirements and Hanson had been waiting for their
rules. Hanson continued his explanation of the DBE program.
He emphasized that he did not wish to take issue with the
specs but thought that the essence of them should be in
the rule.

Clark reiterated her preference for the referenced material to be included in the rule since it was not lengthy.

Hocker explained the development of the specification over the past 10 years based on the Code of Federal Regulations.

Pavich moved to recommend the changes referenced in 125.1 be renoticed with the changes. Motion carried.

Fitzgerald asked if the full text of the three specifications should be set out in the IAC.

Priebe was concerned that independent contractors would be bypassed if the text were not published.

The IAC could contain the name of the publication and date certain when it is updated. Royce pointed out that often times a manual may have 30 to 100 pages changed. To be consistent, Priebe thought major changes should be published and referenced to a date certain.

Fitzgerald described amendments to Chapter 10 as basically the same as the Notice. Discussion focused on 10.2(3) which provided that "the director shall adopt the proposed rules unless statutes specifically provide for commission adoption." Schrader viewed that as a major policy change. Fitzgerald stated that the change was recommended by their attorney as complying with the statute.

Royce concurred that there was a direct delegation of power to the director to promulgate rules but at the same time other language is retained and the commission does

Motion

Ch 10

retain rulemaking power under 17A. He concluded, "There is also an argument that part of its business is oversight of the department as a whole."

Hanson expressed opposition to giving enormous power, autocratic power without oversight, to the director of the DOT administration. This was contrary to structure of government in Iowa. Hanson declared that the whole purpose for having commissioners was for oversight on an administrative branch of government.

Pavich took the Chair.

Motion

Priebe moved that amendments to Chapter 10 be delayed until the adjournment of the General Assembly. Motion carried.

Priebe took the Chair and called up continued review of 761--450.1 pertaining to tinted automobile windows.

Royce provided background on the issue which had been before the ARRC at their June 8, July 10 and 19 meetings. The first issue was restricted to whether the rule was properly adopted in Iowa and the Committee concluded that it was in fact, improperly adopted by reference. Question remained as to what should be done in terms of window tinting in Iowa. When the DOT completes rule making they will require that windows must transmit at least 70 percent of the available light. The ARRC is now considering possible statutory amendment.

Doyle suggested review research by Royce before any testimony.

Royce commented on three different approaches. Most states do not honor the federal requirement. Federal law preempts any state law. The safety standard promulgated by the federal government is 70 percent light pass through. Approximately 15 states have requirements that match the federal or no regulation. North Carolina created their own standard referred to as a registration not safety standard. Royce opined that the number of different approaches have some degree of viability. There is no penalty clause against the states or individual citizen but it applies to window tinters. A general fine of \$1,000 which was originally intended for modification of catalytic convertors would probably apply to window tinters.

Chairman Priebe recognized Alverson who spoke on behalf of the Tinters Association in Iowa. He proposed amendment to Code section 321.438(2) and supplied a copy of a summary of legislation regarding tint in the different states. He opposed the emergency adoption without public participation and distributed proposed clarifying legislation which he entitled "Application of Sun Screening Devices on Motor Vehicles."

Alverson referred to Code section 321.438(2) and recommended that the sentence "The Department shall adopt rules establishing a minimum measurable standard of transparency which shall apply to violations of this subsection." be rescinded and the following substituted: "The minimum measurable standard of transparency which shall apply to violation of this subsection shall be 35 percent." The Tinters Association is supporting this change on a national basis. Industry is petitioning to change the federal law. Alverson spoke in detail as to the common misconception about tinting. He stressed that most cars come from the factory with 70 percent light transmittence through the windows. If a 50 percent film is applied to a 70 percent window, you have one-half of 70 percent which is 35 percent total light transmittence.

Alverson urged that clarifying legislation be drafted. He provided a four-page document on window film legislation in the 50 states. Most states have adopted the 35 percent factor.

Priebe commented that the ARRC could recommend legislation but at this time he thought the patrol was acting within their power.

Doug Woolf reported that the AAA in Iowa encourages law officers to proceed with an ambitious program to enforce the current standard. He cited 3 major reasons for their position. It is vital for other motorists, pedestrians, bicyclists, and other highway users to be able to safely communicate with the driver who is behind the wheel. There is danger to the law enforcement personnel when they approach vehicles and cannot see occupants. The AAA wants to protect the mobility of Iowans and ensure that they are not in violation of the law. Woolf concluded that the AAA would support special exemption for those with light sensitivity.

It was Priebe's understanding that some new cars do not meet the 70 percent standards.

Urban was aware of a new Cadillac and S10 Blazer that tested at 63 percent with highway patrol equipment.

Jontz saw safety as the biggest factor, especially at night. He cautioned against exceptions to the law without benefit of at least medical testimony. Jontz hated to think that each one of the 50 plus motor vehicle standards, whether it be brakes, exhaust systems, or tires, that each time somebody challenges the federal standards, the state enforcement agency would have to research and testify in support of federal standards. He contended that light meters used by law enforcement was a fair method of testing.

Priebe asked Jontz if limousines had been ticketed and he replied that dark windshield or windows to the left or right of the driver would be subject to citation. They

have no policy for exemption except what is set out by rule.

Priebe emphasized that an ARRC sponsored bill would go through the normal legislative process, with hearings and opportunity for unlimited input.

Eckhart knew of no evidence that the Federal Department of Transportation had studied the issue of window tinting. The proposal given to NTSA includes an exhaustive study by an independent testing agency that refers to optics and vision and it is available to anyone. Also, they have no evidence that can attribute injury of troopers to tinted windows. Eckhart declared that they oppose excessively dark tint. He urged opponents to drive vehicles with their tinting.

Priebe was hopeful for an equitable solution.

Sweitzer discussed the emergency rule (761--450.7(321) 9/5/90) which addresses front windshields, windows or sidewings. A hearing was scheduled for October 4.

Cobleigh spoke as a representative of manufacturers and was confident that a workable law could be passed.

Royce discussed options for legislation which included a concept of no safety standard but instead some sort of a registration standard. He noted that the federal statute is silent about registration standards. He knew of no court tests on that at this point.

West, as a representative of the Iowa Automobile Dealers Association, did not wish to take a position with respect to density of tint. However, he viewed public debate as a useful endeavor. So far as dealers are concerned, the cars they sell have been manufactured in compliance with federal standards. The issue is whether or not they can apply additional film.

Schrader wondered if the law relied on registration instead of the safety aspect, would determination be made at the County Treasurer's office.

Royce had reviewed the North Carolina law and the highway patrol has authority to test light density of a vehicle. Royce was not necessarily advocating this approach since it has not been challenged in court.

Schrader and Urban discussed percentage of blockage. Urban explained that two layers of film on top of each other creates an optics problem, but one clarity of 35 percent tint would not.

Halverson stated that the add-on film that they apply would block 50 percent of the light coming through and if only 70 percent were coming through, and 50 percent

were blocked, they would have 35 percent. He continued that this involves percentage, not an absolute. If you were dealing with a total of 100 percent, and blocked out 50 percent of it and applied another 50 percent, you would have a completely black window. Four layers of 50 percent creates the black limo tint, which no one here advocates.

In response to Tieden, Cobleigh said that 35 percent was the figure of light transmission level passing through glass that was originally petitioned from NTSA and was agreed to by NTSA. The 35 percent light transmission is stated differently in the various states. In Colorado, it's stated that 35 percent film laminated to the existing glass may have a plus or minus 26 percent light transmission. Nebraska has 35 percent film laminated to existing glass but does not give a net light transmission. Kansas has a 35 percent light transmission law. South Dakota has a 35 percent light transmission law applied to existing glass.

Doyle preferred to await formal action until the emergency rule was before the Committee.

Priebe reviewed ARRC options with respect to emergency rules. There was no action today.

No Agency Reps.

No agency representatives requested to appear for the following:

COLLEGE AID COMMISSION[283] EDI CATION DEPARTMENT[281]*umbrells* lows grant program, ch 27, Notice ARC 1928A	7/11/90
EMPLOYMENT APPEAL BOARD[486] INSPECTIONS AND APPEALS DEPARTMENT[481] *umbrella* Definitions, construction contractor registration appeals — work product, 2.1, 7.1(1), Filed Emergency ARC 1036A	. 7/11/90
EXECUTIVE COUNCIL[420] Inheritance tax payments, ch 11, Filed ARC 1035A	7/11/90
INSURANCE DIVISION[191] COMMERCE DEPARTMENT[181]*umbretla* Procedures for qualification as a nonadmitted insurer, 21.5, amendments to ch 21. Filed ARC 1049A Credit life and credit accident and health insurance, ch 28. Filed ARC 1050A Medicare supplement insurance minimum standards, ch 37. Notice ARC 1106A Third-party administrators, ch 58. Filed ARC 1105A	7/11/90 7/25/90
JOB SERVICE DIVISION[345] EMPLOYMENT SERVICES DEPARTMENT[341] "umbrells" Employer records and reports, employer's contribution and charges, claims and benefits, benefit payment control, 2.15, 3.4, 4.19(2), 4.24(17), 4.29(1), 4.60(3)"a"(3), 5.15(1)"c," 5.16. Filed ARC 1073A	7/11/90
LOTTERY DIVISION[705] REVENUE AND FINANCE DEPARTMENT[701]*umbrella* lowa Lotto, 10.2, 10.3, 10.6(2), 10.10 Notice ARC 771A Terminated ARC 1029A	7/11/90
PETROLEUM UNDERGROUND STORAGE TANK FUND BOARD, IOWA COMPREHENSIVE[591] Administration of the environmental protection charge imposed upon petroleum diminution, 5.3. Notice ARC 1086A, also Filed Emergency ARC 1087A PROFESSIONAL LICENSURE DIVISION[645] PROFESSIONAL DEPARTMENTIGHT ************************************	7/25/90
Mortuary science examiners board, 101.2(2), 101.3, 101.212, 101.212(1), 101.212(1)"h." Physical therapy examiners, uniform rules, chs 200, 206 to 208, Notice ARC 1058A Podiatry examiners, 220.4(2)"b," 220.4(2)"d"(5), Filed ARC 1056A	7/11/08
REGENTS BOARD[681] Continuation of suspension of parietal rule at UNI, 2.36(5), Filed ARC 1079A. Notification to students on increases in tuition, fees or charges; distribution of docket information, 9.6, 9.7. Filed ARC 1078A.	7/25/90
SECRETARY OF STATE[721] Election forms, 4.3, <u>Filed</u> ARC 1089A Alternative voting systems, 22.1, 22.4(2)"s" to "d," 22.19 to 22.29, <u>Notice</u> ARC 898A <u>Terminated</u> ARC 1090A	5.45 Au

Next Meeting The next meeting was scheduled for September 11 and 12, 1990.

Adjourned

Pavich moved to adjourn the meeting at 3:05 p.m.

Respectfully submitted,

Phyllis Barry, Secretary Assisted by Alice Gossett, Administrative Assistant

APPROVED:

CHAIRMAN