

MINUTES OF THE SPECIAL MEETING
OF THE
ADMINISTRATIVE RULES REVIEW COMMITTEE

Time of Meeting: Monday and Tuesday, September 9 and 10, 1985.

Place of Meeting: Senate Committee Rooms 22, 24, and 116,
State Capitol, Des Moines, Iowa.

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

Convened Chairman Priebe convened the Committee in Room 22, 10:10 a.m. and called for review of the following rules deferred from the August meeting:

PUBLIC
INSTRUCTION

PUBLIC INSTRUCTION DEPARTMENT[670]

Equivalent instruction standards, ch 63 ARC 5774, also filed emergency ARC 5773 ... M.F.E. 7/31/85 #75

The Department was represented by Kathy Collins, Legal Consultant, Merle Fleming, Assistant Attorney General, and Carol McDonalds Bradley. Also present: Evelyn, Daniel and Kelly Hill; Jedidiah Woodard; Tom Seery, Associated Press; Bill Brewer, United Press International; and Gary and Christine Berglund, Creston.

ch 63

Collins addressed the emergency rules which were the subject of litigation. The emergency rules were stayed by judicial order on August 22, Polk County District Court, Judge Glenn Pille. The findings of that preliminary hearing were that the Department failed to show good cause for proceeding under the emergency provisions. However, the Court refused petitioner's request to stay the rules proposed under normal rule-making provision. Collins estimated a November appearance before the ARRC for the adopted after Notice version of chapter 63. She said 63.3(3) would be clarified relative to duties which are not delegable by the certified teacher.

Collins continued that the Department had issued a declaratory ruling stating that Des Moines' home instruction program would not be evaluated under the equivalent instruction standards. The statute requires parents to send their children to the public school or to seek equivalent instruction elsewhere--DPI does not have to approve the program.

PUBLIC
INSTRUCTION
CONTINUED

Collins advised O'Kane that 63.2(1), curriculum standards, was summarized from the Code section. Language re career education in 63.2(1)i was from Code section 280.9. According to Collins, a public hearing on the rules had been held. She suspected that any changes would be a result of public input and further hearings were not anticipated.

Fleming, relying on case law, took the position that minor changes in response to public input would not require another hearing. Priebe favored another hearing prior to final review by ARRC and asked for Committee input. Collins informed Doyle that she had evaluated only the written comments which primarily dealt with certification requirement.

Doyle wondered if anything further would be gained by a second hearing since the Department planned to change rule 63.3. Collins pointed out that the change would not eliminate the certification requirement. The teacher does not have to be the "exclusive provider of instruction--parental assistance is welcome." Collins added that it would not be financially feasible for many parents to have home instruction if they were required to hire a certificated individual. Again, the local school district must determine the pupil's need. Collins declared that DPI would not waiver from their position that the "teacher must teach."

Clark noted that "career education" was not spelled out leaving much "leeway when principals of some institutions feel woman's place is practically nil."

Hill, Des Moines home school educator, spoke on behalf of the Iowa Home Educators Association and she pointed out that over 500 Iowa families were "home educating." She asked the ARRC to object to the emergency procedure followed by DPI in implementing chapter 63. She quoted from Code Chapter 17A to support her argument.

Recess

Chairman Priebe called for a short recess so the group could move to Room 24 to escape construction noise. Meeting was reconvened and Chairman Priebe called on Hill to continue.

Hill reiterated her request for Committee objection and recalled a meeting with Collins about 10 days after the rules were in effect, but prior to the public hearing. Doyle asked Hill if she agreed that the emergency filing point was moot and Hill responded with a qualified affirmative. Doyle pointed out that the ARRC could not object to noticed rules. The time frame for adopting rules was reviewed. Priebe reiterated that 25 people could request a hearing. Doyle cited valid reasons for an agency to implement emergency rules, e.g., if they are noncontroversial or are mandated by the federal government.

PUBLIC
INSTRUCTION
Continued

Doyle reasoned that objection could have been voted on chapter 63 if the court case had not been pending prior to the ARRC meeting. O'Kane disagreed that the emergency filing was improper. Tieden asked Hill if her group opposed schools providing criteria for courses of study. Hill thought the state should have an interest in the "results not the process." Her organization had taken no stand on children's involvement in other activities.

Fleming suspected that both concepts of home instruction and private school without certified teachers were being "pushed in this state by commercial entities from outside." She referenced Code 1913 wherein the Legislature changed the words "competent" teacher to "certified" teacher. Fleming recalled legislation having to do with improving the standards of education in this state--HF 686. She added that certified teachers will be mandatory child abuse reporters and saw parents as "well intentioned but lacking the expertise and knowledge to deal with children in need of special education." Iowa has taken the lead in education and Fleming cautioned against regression.

Discussion of the statutory "Amish exemption." Fleming described the Amish lifestyle as one of isolation in an agrarian community where the children are expected to remain. They are pacifists who do not join the military or vote. She observed that opponents of the equivalent standards expect their children to grow up and engage in ordinary occupations.

Clark reasoned that the state has responsibility to recognize subtle disabilities in children who may need special education. General discussion.

Hill challenged Fleming's allegation that out-of-state entities were promoting the home school movement. Hill contended that "curriculum suppliers" would not be considered "promoters" to those who choose to "home school."

Collins reviewed the Department's position and cited Code section 299.1 re nondelegability of the responsibility of teaching. Priebe pointed out that the Governor and Attorney General, as well as the ARRC, have veto power over rules. Collins advised Doyle that the certified teacher is responsible for identifying special education students.

Berglund asked that the record reflect that a copy of Judge Pille's order is on file in Joseph Royce's office. Berglund discussed the order and urged the DPI to reconsider wording to "reflect legislative intent rather than the strict letter of the law." He urged Committee objection. Re curriculum suppliers, Berglund stressed that "outside publishers do not solicit our participation."

PUBLIC
INSTRUCTION
Concluded

Berglund thought public schools had greater instances of child abuse--he knew of no home schooling cases. He spoke against the humanistic philosophy and distributed booklets to support his argument. He contended the literacy rate in home schooling was much higher than in public schools.

Chairman Priebe recognized Christine Berglund who cited advantages of home schooling, particularly for those requiring special education. She concluded that the Amish "should not be treated more special than Christians who go by the Bible." No Committee action.

Recess
Reconvened

Committee in recess for lunch at 11:55 a.m. Reconvened at 1:30 p.m.

Committee was convened in room 116 with quorum present.

HEALTH
DEPARTMENT

Chairman Priebe called up the following Health Department rules:

Birth defects institute. 4.1, 4.6	ARC 5819	N	8/14 85
Homemaker-home health aide services. 80.1, 80.2(1), 80.2(1), 80.3	ARC 5820	N	8/14 85
Social workers, code of ethics, 161.212 to 161.217	ARC 5764	F	Delayed 70 days in August 7/31/85
Medical examiners, licensing exam. 135.101(3), 135.102(1), (5), 135.103(1), (4), (6) to (8), 135.108, 135.108(1), (2), (4)			
Filed emergency	ARC 5881	F	8 28 85
Physical and occupational therapy examiners, declaratory rulings. 137.7, 138.208	ARC 5795	N	8 14 85
Psychology examiners, declaratory rulings. 140.3(7)	ARC 5859	N	8 28 85
Optometry examiners, fees. 143.10(1)	ARC 5796	N	8/14 85
Cosmetology examiners, reinstatement of inactive practitioners. 151.11(2), "b," 151.11(3)(4)	ARC 5861	N	8 28 85
Chiropractic examiners, standards for radiation emitting equipment, disciplinary action. 141.24(2), 141.40, 141.41, 141.47, 141.28(1), 141.85	ARC 5862	F	8 28 85
Optometry examiners, settlement of disciplinary actions 144.104	ARC 5797	F	8 14 85
Cosmetology examiners, recruiting. 149.3(2)	ARC 5860	F	8 28 85

Department representatives present were Mark Wheeler, Hearing and Compliance, Ronald D. Eckoff, Dr. Ted Scurletis, Nola Aalberts, Peter Fox, Licensing, Roger Chapman, Harriett Miller, Chiropractic Examiners, and Irene G. Howard, Professional Licensure. Also present: Artis Reis, Home Health Aid and Mobile Meals.

4.1, 4.6

Wheeler said that rules 4.1 and 4.6 establish a voluntary screening program for maternal serum alpha-feto-protein (MSAFP). As a result of comment received, consideration will be given to providing several laboratories. Scurletis stated that tests require rigid quality control--larger volume in one lab reduces cost. In response to Doyle, Scurletis said the Birth Defects Institute is part of the Department of Health and the lab is maintained at the University of Iowa Hygienic Lab. The consulting physician is Dr. Williamson of the Department of Obstetrics, one of only two qualified obstetricians in the state trained in etiology. They are not paid over and above the University payroll.

At the recommendation of Clark, Scurletis concurred that "program" should be added to the catchwords of rule 4.6.

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HEALTH
DEPARTMENT
Continued
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Wheeler said sliding fee scale was changed for home-maker-home health aide services. Aalberts gave summation of comments from the public hearing--most were in terms of resources. Counties will have the option to raise resource level. The Department based resources on cash savings and stock--they did not include business, farmland, etc. Option was provided to add resources after the \$10,000 level is reached. Aalberts indicated there was support for the training standards. Priebe noted that Decatur County had recommended that the \$25,000 resource figure be lowered. Aalberts said it would be lowered to \$10,000.

Ries distributed copies of her presentation made at the public hearing and she summarized for ARRC. Her "not-for-profit agency" questioned the need for 16 additional hours of training for certified aides and the need for certified or degreed personnel to complete an additional twenty to forty hours of training within the first three months of employment--470--80.3(3)a(3) and (4). They could foresee the necessity of hiring one or more new supervisors. Department officials emphasized that the proposal was subject to change. Elimination of the 16 hours of training is being considered. No formal action.

161.212 to
161.217

The Committee reviewed code of ethics for social workers which was delayed for 70 days at the August meeting. Howard was informed by Priebe that the use of "must" was unacceptable. Howard said it had been recommended by an attorney but she agreed to change it to "shall" or "may". O'Kane had heard from Department of Human Services social workers who wondered how much freedom they had to take the ultimate responsibility in 161.212(3)--service. Howard said the Board would look at the individual situation in making their determination. O'Kane interpreted "must retain ultimate responsibility..." as precluding that. Howard said the language was adapted from the National Code of Ethics but she would refer the matter to the Board.

Committee was in short recess to return to Committee Room 24.

Board of
Medical
Examiners

James Krusor was present for the Board of Medical Examiners. No questions re amendments to chapter 135, 137.7, 138.208, 140.3(7) or 143.10(1). Doyle excused until 3:00 p.m.

ch 151

In reviewing chapter 151 amendments, Fox admitted that 151.113(14) was difficult to enforce. No recommendations for amendments to chapter 141, 144.104 or 149.3(2).

ATTORNEY
GENERAL

Earl Willits, Deputy, and Linda T. Lowe, Assistant Attorney General, were present for the following:

Lines of credit and home equity lines of credit ARC 5837 N 8:14:25
Insurance in consumer credit transactions ch 11 ARC 5838 F 8:14:25

ATTORNEY
GENERAL
Continued

Also present: Richard Cleland, Assistant AG, Consumer Protection; Dennis Nagel, Belin Law Firm; Jim Shuler, Central States Health and Life of Omaha; and K. E. Joe Reed, Vice President, Norwest Bank.

Lines of
Credit

Lowe explained that Notice was published to solicit comment on whether there should be rules defining lines of credit, generally, land home equity lines of credit. A petition for rulemaking was received from Norwest Bank. The AG was requested to clarify the issue of when a line of credit in general falls under the consumer credit code and when it does not. Public hearing was scheduled for September 10 and comment had been solicited from other states.

14.1

Lowe advised that rule 14.1 addresses the sale of involuntary unemployment insurance in connection with a consumer credit transaction and was the result of petition by an insurance company [American Banker's of Miami].

Parker asked if any insurance had been sold and Lowe said that parties other than the petitioner had sold some. Lowe continued that there had been misunderstanding as to enforcement--it is a very narrow area as far as insurance is concerned.

Tieden expressed his "grave concern over the major changes since the Notice." Lowe responded that much time had been spent discussing loss ratios. Shuler distributed written comments wherein he took the position that changes were not properly submitted for review, that parts of the rule duplicate and conflict with the insurance laws, and there is significant impact upon the insurer, creditor and consumer of Iowa. Shuler said that Lowe had been more than cooperative with all parties. He recalled lack of sufficient data to really discuss loss ratios--a relatively new insurance product. He urged the Committee to delay the rule.

O'Kane applauded the Department for their effort in developing the rule. He recognized "a fine line between that and rendering your notice invalid because of the degree of change." He questioned Willits as to the impact of renoticing. Willits stressed that the AG was not necessarily promoting this rule. Priebe suggested renotice. O'Kane was unsure that the rule-making was under "normal circumstances."

Lowe described the alleged conflict between the two departments as being "more appropriately labeled an area of concurrent jurisdiction." The AG has jurisdiction over consumer credit insurance under Code section 537.2501 and has worked with the Insurance Department. The AG would have no involvement in a statutory rate mandate.

ATTORNEY
GENERAL
Continued

Lowe reasoned that insurance statutes might need revision. It was Willits' judgment, if the effective date of the rule were delayed, the product could not be sold. The Insurance Department has a number of other concerns they consider to be of higher priority.

Responding to Tieden, Willits saw the substantive concern as whether this was any ordinary insurance product which a salesman might offer or should it be treated as a consumer credit transaction--it was his view, "it is part and parcel of a consumer credit transaction." Willits indicated they had no opposition to a delay.

Responding to Parker, Lowe explained how the rule would be implemented--similar to transactions between the Insurance Department and insurance companies.

Motion to
Delay

After further discussion, Tieden moved that chapter 14 rules of the Attorney General be delayed 45 days into the next General Assembly and that letters be sent to the Speaker of the House and Lieutenant Governor. Motion carried.

Vote

CONSERVATION
COMMISSION

Bob Fagerland, Deputy Director; Michael Carrier, Chief, Division of Lands and Waters; Nancy Exline, Associate Superintendent of Parks; Robert Walker, Administrator, County Conservation Board Program and Snowmobile Cost-Share Program; and Rick McGeough, Superintendent, Law Enforcement, appeared for Conservation Commission to review:

Private, Public and commercial docks and dock management areas, ch 33, rescind ch 34	ARC 5870	N	8-28-85
Removal of mushrooms, asparagus and ginseng from commission lands, 47.1, 47.3, filed emergency	ARC 5868		8-28-85
Park user fee, ch 51	ARC 5871	N	8-28-85
Timber buyers, gender changes, 49.3(1), filed emergency	ARC 5869	F	8-28-85
Hunting license requirements, ch 17	ARC 5872	F	8-28-85
Snowmobile registration revenue cost-sharing, 52.3(2), (1), (6)	ARC 5873	F	8-28-85

Chs 33, 34

McGeough stated that rule 33.7 re private docks on rivers would allow more flexibility for dock construction. Tieden referenced a situation where several river dock owners who had been in their location for 27 years were fined this year. He took the position the owners should have been notified that permits were needed. Fagerland cited problems on the Mississippi where lakes have lost their character and are considered part of the river.

Carrier was unsure of the number of law suits outstanding. He advised O'Kane that the rules would impact the problems which have existed with docks. Clark called attention to the word "value" which should be "valve" in 33.8(6).

Ch 47

In reviewing rules 47.1 and 47.3, Carrier said that the Iowa Code prohibits taking of plant life, nuts, fruits, berries, animals and certain other materials from commission lands except as provided by rule. Through an administrative oversight, wild asparagus and American ginseng had been excluded from the rules

CONSERVATION
COMMISSION

which allow taking of mushrooms and fruits. Emergency amendments were promulgated when it was recognized that ginseng was not permitted and the season starts October 13. Parker was told the fine was \$100 for collecting ginseng out of season. Discussion as to whether or not digging wild asparagus plants was allowed. Priebe was opposed to that practice and asked the Department to follow up.

ch 51

According to Carrier, chapter 51 was intended to implement 1985 Acts, H.F. 183, which created a park user fee. Priebe called attention to dissention at Brushy Creek where horse riders and their trailers are permitted. Carrier responded that if the trail riders used the horse campground, the fee would be imposed. In any event, Priebe contended they were park users and he questioned statutory authority. Exline pointed out "except as excluded by rule" [HF 183,\$1(3)].

Carrier advised Tieden that the statute was interpreted to mean a day was 24 hours and the 10:30 p.m. provision re permits was for benefit of the public--51.6(1). In re 51.4(3), Tieden asked for inclusion of "motor" before "vehicle" in last sentence. Carrier thought that was a good suggestion.

Discussion of annual permits which would be sold through all Conservation Commission outlets. Permits without fee will be offered through county recorders and independent license agents. Daily permits would be voluntary self-registration. Priebe voiced opposition to requiring permit to be issued in the county of residence--51.8(1). Carrier stated that the AG interpreted the free annual permits to be limited to residents. Priebe suggested clarification by adding "issued to state residents." Exline noted that other states do not give free permits. Doyle returned.

ch 17

McGeough discussed resolution of the hunter safety permit requirement for children.[85 Acts, HF 453]

52.3

Discussion of amendment 52.3. Priebe observed that the same counties receive funds for groomer repairs year after year. Walker pointed out that the majority of snowmobile registrations are in the northern half of the state. The plan for Iowa is oriented toward snowbelt and trails are available to 26 per cent of registered snowmobilers. Their ultimate goal was to provide for 60 per cent. It is not based on direct return to counties. A depreciation schedule and guidelines have been set for groomers. Walker recalled that the state Snowmobile Association favored legislation to increase fees for groomer use from \$12 to \$20. Fagerland emphasized that counties must apply for the snowmobile fund money. No action taken.

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COMMERCE
COMMISSION

Ray Vawter, Jr., Dan Hanson and Gordon Dunn represented Iowa State Commerce Commission for review of:

Regulatory flexibility analysis, 3.9(2), 3.9(3)(d), 3.9(5), re: ARC 5604 (IAB 6/19/85) ARC 5847 N 8/14/85
Telephone utilities, intrastate access service charge, tariffs, 22.1(2)(c), 22.14(1) to (6) ARC 5843 N 8/14/85
Requests for confidentiality, 19.1(1)(f), 19.1(2)(f), 20.13(1)(c), 20.13(1)(e) ARC 5874 F 8/28/85
Telephone utilities, terminal equipment, 22.1(3), 22.1(4), 22.2(6)(f), 22.3(2)(g), 22.3(6), 22.3(10)(c), 22.9, 22.10, 22.10(1), 22.13(2), 16.5(5), (6), (12), (15) to (22), (26), (30), (34), (36), (37), (41), (42), (44), (45), (46) ARC 5844 F 8/11/85
I-Save America's vital energy, 27.1, 27.2(3), (4), (5), (7), 27.4(2) to (7), 27.5(1)(b) to "e", 27.5(2)(b), "c", and "g", 27.9, 27.11, 27.13, 27.14(2), (3) ARC 5845 F 8/11/85

Also present: Dennis Hogan, Sheet Metal Contractors; Don Heidebrecht, United Telephone; Jim Pribyl, Northwestern Bell; Jack Clark, Iowa Utility Association.

ch 27

Amendments to chapter 27, I-SAVE program, were taken out of order. Hanson said the National Energy Conservation Policy Act requires large gas and electric companies to establish energy audit programs for multi-family dwellings in small commercial buildings and larger centrally heated or cooled apartment buildings. Rules were adopted with some minor modifications and will become effective September 18.

Priebe took the Chair and recognized Hogan who discussed his request made to the Commission for a regulatory flexibility analysis in February. Four months later, he met with Commission staff and submitted suggestions. He asked opportunity for small businesses to compete with utility companies. Hogan disagreed with the Commission's position that there would be no impact and distributed information to the ARRC. Hogan declared that contractors make their living by saving energy, "whereas the audit program requires the utilities to cut their own throats."

Parker asked Commerce representatives if any of Hogan's points were considered in making the rule. He recalled the pilot program rules were detailed, to some extent, as to whom would perform the work. Dunn thought the points were considered but mentioned one problem with RCSCCS programs is that much basic authority flows from the federal government to the utility company. He had tried to encourage contractors by asking them to presubmit their credentials. Utilities cannot be considered official state-certified I-SAVE until they contract with the Commission.

Re contracts, Dunn said that if a company has been certified by Commerce, there was nothing to prevent a utility from contracting with that company. Discussion of residential and commercial audits.

Vawter spoke of the need to have the rules in effect so audits will not be delayed. He suggested that Hogan could file a new petition. Priebe suggested allowing the rules to become effective but alerting the Speaker and Lieutenant Governor of problems. No formal action.

COMMERCE
COMMISSION
Continued

Hanson discussed their summary of a Regulatory Flexibility Analysis [RFA] in ARC 5847. The Commission proposed four amendments on May 31 to its RFA procedure. The National Federation of Independent Business voiced opposition to three of the amendments and the Federation requested a Regulatory Flexibility Analysis on the procedure. The Commission decided, in a public meeting, not to adopt the first amendment and concluded that the benefits to the Commission and the general public clearly outweighed the costs to small business. Oral presentation was scheduled for September 12.

Replying to Clark, Hanson said the modification changed "must" to "should". Priebe preferred "shall" or "may". Hanson agreed.

22.14

According to Hanson, amendments in 22.14 were generated because of changes in the telecommunications industry. Hanson stated the proposal follows lines suggested by AT&T communications and provides opportunity for voicing opposition to interstate access tariff. Parker noted difference in the manner in which rates are set for access charge and the ambiguity in determining criteria. He noted there were no rules in that area.

Doyle questioned whether reference to "prima facie showing" in 22.14(5)b, was common language--this would require "proof beyond a reasonable doubt." Department officials said that, in this instance, they have the burden of proof. In all of their proceedings, they still apply the preponderance standard which helps determine the validity of the objection. Typically, the objection would not come from the Consumer Advocate.

Parker requested detailed information as to what access charges exist and the different categories between exchanges. Commerce concurred.

ch 19

No questions re amendments to chapter 19, requests for confidentiality. Under amendments to chapter 22, terminal equipment, including pay telephones, would be deregulated. Parker was informed the access charge had not been determined since the tariff had not been filed. Local exchange companies have been given 60 days to file tariffs. No recommendations.

PLANNING &
PROGRAMMING

Lane Palmer, Melanie Johnson, Neil Klopfenstein and Phil Smitt represented OPP for discussion of:

Job training partnership Act, 19.3, 19.6, 19.7(4), 19.8 to 19.16 ARC 5839N..... 8/14/85
Community development block grant nonentitlement program, ch 23 ARC 5812N..... 8/14/85

Johnson briefed the ARRC on proposed amendments to the Job Training Partnership Program which included new definitions and changes in the composition, nomination, and certification process for the Private Industry Council [PIC]. No one attended the September 3 hearing, but two written comments were received.

PLANNING &
PROGRAMMING
Continued

O'Kane observed that definition of "termination status" [1. to 23.] did not specify which were positive terminations. In particular, he was concerned with 9--entered full-time school--and 21--returned to full-time school. He referred to information from computer forms and contended there should be a positive termination in the Title IIB program. Johnson agreed to research the matter. OPP officials said that a Title IIB program participant who either returns to college or starts to college and enters a work-study program would not be subsidized. Smitt cited an example re definition of "welfare entered employment." If 100 welfare recipients enrolled in the program were terminated, 55 would be placed in employment and 45 would not be in "welfare entered employment."

Clark had heard criticism re composition of PIC and she wondered if 19.8(1)b would be a resolution. OPP officials stated that it would be "partial response." Clark referred to 19.12(2) and suggested use of "located within" instead of "general circulation within." O'Kane reasoned it would be difficult to find a newspaper that would serve a Service Delivery Area because of their irregular boundaries. Tieden failed to see a need for the rule changes when, in his judgment, the program was working beautifully. He continued that Supervisors in his district had served on both boards which has resulted in a good operating organization.

O'Kane indicated an interest in learning whether the JTPA Directors can work under this new scheme before the rules are adopted.

19.15 Brief discussion of 19.15 re older individual's training program.

ch 23 Palmer explained revisions in the "Community Block Grant Nonentitlement Program, being chapter 23. Essentially, changes address economic development. Priebe was advised that the maximum allocation for individual applications from any city or county was still \$500,000 per quarter. Priebe could foresee complaints. He also questioned provision to require at least one job to be created for every \$10,000 of CDBG funds requested under economic development set-aside--the amount was reduced from \$15,000. Priebe asked for a breakdown on how the money was spent previously and how many communities came through with the \$15,000.

Parker was aware of complaints that reliance on the 1980 census was not really reflective of current situation which could result in unequal treatment. Palmer clarified that Parker's comment would be relative to points assigned to communities by OPP

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PLANNING &
PROGRAMMING
Continued

for the regular competitive program and was separate from economic development. Palmer told Parker that OPP planned to respond to the Solon colleague regarding his concerns. Palmer suspected the problem stemmed from the design of the program passed by Congress to benefit low and moderate income recipients through a variety of ways. In one of the programs implemented by Iowa, "disadvantaged" communities were targeted--poverty figures were used. Palmer admitted that 1980 census figures were out of date. He knew of no region-wide bias in the state.

Parker also expressed interest in the economic development setaside. He questioned need for options in 23.9(3). Palmer reported mixed feelings by various groups as to how much should be spent for economic development. OPP takes the position that with good competition, good return on the dollar is realized--the Lottery notwithstanding. Tieden presented Palmer with additional comments. No action taken.

LABOR
BUREAU

Walter H. Johnson was present to review adopted rules pertaining to discrimination against employees, being chapter 36, ARC 5884, published IAB 8/28/85.

ch 36

Johnson said that the rules specify proceedings for employees who are fired or otherwise discriminated against because they have filed a wage complaint with his office. Johnson advised Doyle that the Swift plant lay off would be a Job Service and contract issue.

RECESS

Committee was in recess at 5:00 p.m. to be reconvened Tuesday, September 10, 1985.

TUESDAY
SEPTEMBER 10

Chairman Priebe reconvened the ARRC meeting, Tuesday, September 10, 1985, 8:45 a.m., Committee Room 24. All members and staff were present.

Committee
Business

Proposed legislation re gender was discussed. Consensus was that including a one-year deadline to complete gender amendments would leave agencies vulnerable to challenge in the event the changes were not made. Doyle made the point there was no disagreement with the concept but there was reluctance to spend the necessary funds to complete the task.

Committee agreed to support the proposed bill without the one-year limitation and advised Burnett that they would "do their very best to get the job completed."

Doyle called attention to language in Code section 14.21 with respect to the cost of the Iowa Court Rules--"...determined jointly by legislative council and rules review committee in consultation with the state printer."

Committee
Business
Continued

Doyle recommended deletion of the words "jointly" and "rules review committee". He asked that Royce and the Legislative Service Bureau draft an amendment, accordingly. Priebe suggested that it be drafted as a Committee Bill.

Barry sought guidance from the Committee regarding publication of regulatory flexibility analyses and impact on small business statements. Some agencies were including them in both the Notice and Filed Emergency rules when both are submitted simultaneously. Specifically, she wondered if it were necessary to print full text twice. After discussion, it was decided both should be published.

Royce
Report

Royce was directed to research the matter and report to ARRC.

Barry called attention to the fact that, in many instances, agencies were submitting a total of three documents for every rulemaking. In situations where rulemaking is the result of legislative or federal mandate, time could be saved and expense reduced if the Notice were terminated and the emergency version retained. O'Kane commented, "Maybe they should not be filing emergency." Priebe concurred that emergency filing had been abused in the last two years. Clark saw no problem with terminating the Notice after opportunity had been given for public input and no changes were forthcoming. O'Kane was reluctant to agree to blanket authority--consensus was that the agency should ask permission when they appear before the ARRC and each request would be considered on its own merit.

Minutes

Clark moved approval of the August minutes. Motion carried.

BEER &
LIQUOR
CONTROL

Patrick A. Cavanaugh, Director, and Bill Armstrong, Licensing Supervisor, were present for the Beer and Liquor Control Department to review:

Private wine sales, ch 14	ARC 5854, also filed emergency	ARC 5853	NO FE	8/28/85
Agency stores, ch 15	ARC 5856, also filed emergency	ARC 5855	NO FE	8/28/85
Trade practice regulations, ch 16	ARC 5858, also filed emergency	ARC 5857	NO FE	8/28/85

Cavanaugh discussed briefly the public reaction to the closing of some small stores.

ch 14

In reviewing chapter 14, Cavanaugh said the Department had attempted to implement the private wine sale legislation as expeditiously as possible which required emergency adoption. The rules were also published under Notice. Tieden and Cavanaugh discussed volume discounting and certain elements of the market. Tieden was told there was no deviation from the practice in the beer industry or in the general trade practice and the Department wanted to include their interpretation of discrimination.

BEER & LIQUOR
CONTROL DEPT
Continued
ch 15

Cavanaugh discussed the basis for the emergency filing of chapter 15 which governs the practice and policies of the Department in establishment of state agency wine and liquor outlets. The rules would impact areas where it is not economically feasible to operate a state store. The concept would be a state liquor store located within another retail outlet. Cavanaugh contended that the agent or retailer would be paid a commission based on total sales. Other beverage control states had followed this procedure with a high degree of success. Cavanaugh noted the comprehensive rewrite was attributable to private wine sales and gender changes.

Responding to Tieden, Cavanaugh said that pricing and inventory control would remain with the state. Tieden asked if there would be private wine sales in an agency store. Cavanaugh indicated Department policy would preclude contract being awarded to an agency store having a retail outlet. He cited inventory control as one reason. Discussion of length of contract which had not been determined--term of one to three years, with renewable options, was being considered. Contracts could be terminated any time.

Mention was made that public opinion had been expressed in support of a five-year term. Priebe voiced support for three- or five-year terms.

ch 16

Priebe was curious as to derivation of prohibited acts in 16.1(3), in particular paragraphs i, j, l and o, and Cavanaugh said, for the most part, they were adopted from Title XXVII of Code of Federal Regulations.

Doyle asked for explanation of the last line of 16.1(7) with respect to rearranging of the store. Cavanaugh explained this provision was to prevent sales representatives from moving products for a more favorable display. Priebe suggested additional language, "with the consent of the retailer". Cavanaugh was amenable.

In 16.1(8)e, Doyle reasoned that \$100 maximum was too low for advertisement. Cavanaugh replied that the language was recommended by the industry with intent to limit undue influence between retailers and suppliers.

Doyle referred to 16.1(4) and 16.1(9) and recommended change of "...shall (be deemed to be guilty)..." to "...is..." to be consistent with Code language. Clark suggested removal of "unless otherwise excepted" from 16.1(3)--prohibited acts. Clark noted omission of a comma between washer and couplings in 16.1(3)o(1).

BEER & LIQUOR
CONTROL DEPT

There was Committee concurrence that Notices on six sets of rules could be terminated--ARC 5536, 5673, 5675, 5733, 5735 and 5737--three hearings had been scheduled, no one appeared, and no written comments had been received. Armstrong planned to make two minor suggestions of the ARRC when the rules are completely rewritten.

REVENUE
DEPARTMENT

Representatives of the Revenue Department included Carl Castelda, Deputy, Michael Cox and Lorin Knapp. The following rules were before the Committee:

Retention of records and returns, 6.6	ARC 5876	N	8/28/85
Exempt sales tax, electricity, steam, other tangible services, 17.2, 17.3	ARC 5821	N	8/14/85
Exempt sales tax, services nonprofit corporations, 17.19	ARC 5875, hearing re: ARC 5703 [IAB 7/17/85]		8/28/85
Newly taxable enumerated services, 18.43, 26.11 to 26.13, 26.27, 26.30 to 26.33, 26.42, 26.44, 26.48, 26.52, 26.57, 26.61			
ARC 5877	N		8/28/85
Tax, foods for human consumption, 20.1(1), (3), 20.2, 20.5, 20.6	ARC 5822	N	8/14/85
Tax, vehicle and recreational vehicle, rental, 26.32, 33.8, 34.10	ARC 5878	N	8/28/85
Reimbursement to the elderly and disabled for property tax paid and rent constituting property tax paid, 73.1, 73.4, 73.5, 73.8 to 73.13, 73.17 to 73.21, 73.23, 73.26, 73.27, 73.29, 73.31	ARC 5879	F	8/28/85
Reconversion of real estate to a mobile home, 74.6	ARC 5880	F	8/28/85

6.6

Priebe and Castelda discussed casual sale with respect to farm sales. In re 6.6, Castelda said the director has flexibility to determine when records can be destroyed. No recommendations. Amendments to 17.2 and 17.3 were intended to implement SF 547 and will establish a special processing exemption for persons who conduct business as manufacturers to produce marketable food products for human consumption. Industry will have broader processing exemption. The amendments clarify a manufacturer as opposed to a retailer that does minimal amount of manufacturing. It would be the Department's position that a retail outlet grocery store would not be considered a manufacturer. Castelda mentioned protest from a grocery chain that does meat cutting. O'Kane said the definition was consistent with legislative intent.

17.2

17.3

Castelda reported that a public hearing would be held on 7.19, IAB 7/17/85, pertaining to sales tax exemptions for certain nonprofit corporations. The AG opinion requested by ARRC was not ready.

18.43 et al

Castelda said that rule 18.43 incorporates certain provisions of SF 395. The list of enumerated services subject to sales and use tax was expanded. A rule on lobbying service will be published in the 9/11/85 IAB. When drafting the rule, the Department worked with various organizations.

Clark referenced confusion which seemed to prevail re sales tax for tanning salons and massage parlors. Castelda said that sales tax, for a number of years, was imposed on certain types of membership fees for health clubs. Some field auditors saw little distinction between a tanning salon and massage parlor and thus, both were subject to tax. Auditors have now been notified that if a tanning salon is remitted tax to the Revenue Department prior to July 1, the customer who paid the tax is entitled to a refund and

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REVENUE
DEPARTMENT
Continued

need only apply. A tanning salon may act as agent on behalf of its customers and receive the refund. Castelda was willing to follow up on Clark's concern.

26.48

It was position of Department officials that legislation would be needed to impose a tax on camping fees in state parks. Re last sentence of 26.48, Doyle inquired as to whether someone hired to watch for shoplifters would come under the tax. Castelda responded that if a true employer-employee relationship existed, there would be no sales tax. If it were an independent contractor, tax should be imposed. Based on letters received, the Department learned that security personnel and detectives were performing multiple duties, e.g., bill collecting, bad checks, etc. They attempted to cover this in 26.48(3).

ch 20

Additional amendments were anticipated for chapter 20. Examples will also be provided. Parker arrived. In re 26.32 et al, proposed new rules will implement SF 395 relative to sale and rental of recreational vehicles. Castelda discussed definition of long-term lease and was hopeful the GA would adopt a one-year term. Cox explained amendments to chapter 73. No questions on chapter 73 or 74.6.

INSURANCE
DEPARTMENT

Denise Horner appeared on behalf of the Insurance Department for review of the following:

Deposits domestic life company in a custodial bank or clearing corporation 32.3(1), (2) 32.3(1), (3) 32.1(3) ARC 5849 N. 8/14/85

Insurance agents, continuing education, 11.2(5), 11.5, 11.6(1), 31.6(4), 11.7(1) "c." 11.9 to 11.11 ARC 5850 F. 8/14/85

According to Horner, amendments to chapter 32 were necessary due to the fact the Department's vault had been closed and documents were moved to custodial banks. The fact that General Services will begin remodeling the ground floor of Lucas Building provided impetus for the action. This resulted in a savings measure. No recommendations were offered for amendments to chapters 32 or 11.

AGRICULTURE
DEPARTMENT

Present for discussion of the Agriculture Department's rules were Bette Duncan, James M. O'Connor, Dr. G. E. Schoel, Supervision, Animal Welfare, John Hinshaw, Coordinator, Dog Breeding, and M. H. Lang, State Veterinarian. The following was reviewed:

Registration, Iowa-foaled horses and Iowa-whelped dogs, 14.41(2) 14.43 ARC 5882 N. 8/28/85
Animal welfare, 20.5(4) ARC 5816, also filed emergency ARC 5815 N. F. 8/14/85
Motor vehicle fuel and antifreeze tests and standards, 55.33, 55.47 ARC 5883 N. 8/28/85
Livestock movement, meat and poultry, 18.12, 43.12 ARC 5814 F. 8/14/85

14.41

Duncan described amendment to 14.41 which will set standards for registration and approval of kennels as "Certified Iowa Whelped." Priebe was doubtful the Department had authority even though he favored the concept. Hinshaw pointed out the law requires the Department to ensure animal welfare standards which can be accomplished only by control over registration. Priebe disagreed and Duncan offered to address the issue in a memorandum.

AGRICULTURE
DEPARTMENT

Duncan explained reason for rules 55.33 and 55.47 which establish test and standards for motor fuel and vehicle antifreeze. O'Kane discussed the fact that he had been contacted by service stations which alleged that convenience stores were manipulating gas prices and selling "short gallons" periodically.

Legislation
Needed

O'Connor, supervisor of weights and measures, stated that chain stores such as Caseys and QuikTrip purchase gas for all of their stations. He was doubtful pricing could be controlled but on shortages, O'Connor said the pumps are wire sealed, stamped, and random checked once each year. Oil jobbers or anyone registered with the Department may change the seal and initial it--short gallons have occurred with malfunctioning. Consensus was that legislation was needed to provide that when a pump is changed for any reason, the Department must be notified so inspection can be made.

43.12

No recommendations were offered for 18.12 or 43.12.

LIVESTOCK
HEALTH
ADVISORY
COUNCIL

Mark Truesdell, attorney, was present to review recommendations for use of \$300,000 appropriation, chapter 1, ARC 5807, filed, IAB 8/14/85. Tieden expressed concern that Johnne's disease research was not allocated funds.

Truesdell said that research on this disease was conducted at Purdue University. Tieden reminded Truesdell that the disease could be very costly to a dairy farmer. Priebe referenced the new Iowa industry of horse and greyhound breeders and suggested that this group be considered next year. He questioned the necessity of \$30,000 for pasturella subunit research and \$6,000 for Newcastle disease research. He expressed general dissatisfaction with the program and asked that duplication be avoided. To answer generally, Truesdell responded that much of the research is directed toward pseudorabies for experimental cleanup methods at the Marshall County pilot project.

Truesdell informed O'Kane that the appropriation had been \$300,000 for the past several years. O'Kane asked why nothing was allocated for pseudorabies in cattle. According to Truesdell, it had been determined that cattle were terminal hosts to the disease but do not spread it as in the case of swine. Truesdell said horses and greyhounds would not be within the scope of chapter 267. No formal action.

HUMAN
SERVICES
DEPARTMENT

The following individuals were present for review of Human Services rules: Mary Ann Walker, Marie Theisen, Cynthia Tracy, Richard Moore, Will Miller, John J. Berenting, Kent Westmaas, Norma L. Ryan, Vivian Thompson, Harold Poore, Xenda Lindel-Prine and Tim Barber-Lindstrom. Also present: Pat Madden, Community Mental Health Association of Iowa; Estel Shawn, Legislative Committee, West Central Health Association.

HUMAN
SERVICES
Continued

The agenda before the Committee follows.

Community mental health centers, gender changes, 33.2(1)f, 33.3(1)f, "C(1)" "33.3(1)f," "B(1)(6)" (4).	
Filed emergency ARC 5865	FE
Administration of food programs, 65.19(6) ARC 5827, also filed emergency ARC 5826	N* FE
ADC Medical assistance, responsibilities, 76.10 ARC 5835	N
Intermediate care facilities, reimbursement for medical and health services, 81.6(11)f "m," 81.6(12)a to "e," 81.6(13).	N
"s2.5(11)f," "j," 82.5(12)a to "e," 82.5(13) ARC ARC 5867	N
Medicaid providers, audits, ch 87 ARC 5825	N
Fair hearings and appeals, application for aid, 7.7, 7.9(1), 40.2(5)f, "b" and "d" ARC 5828	F
ADC, granting assistance, food programs, 41.5(5), 65.17 ARC 5829	F
ADC, foster care, ch 44 rescinded ARC 5830	
Collections, nonassistance child support recovery program 95.1, 95.6(7), 95.7(1)f, (2), 95.7(9), 96.5, 96.9, 96.12, 96.13	I
ARC 5831	F
Family - centered services, 130.3(1)"e," ch 182 ARC 5832	F
Child care center financial assistance, 154.1, 154.2(2), 154.3(1), 154.6, 154.8 ARC 5833	F
Abuse of children, 175.1, 175.8(3) to (6), (8) ARC 5834	F

After brief explanation by Walker, no questions re amendments to chapter 33, 65.19(6), 76.10 and 81.6(11) et al.

ch 87

Discussion of use of "universe" in definition of "confidence level"--87.1. Westmaas noted that the "... universe from which the sample was drawn" means all of the claims that provider filed during the period against which the Department was auditing. Priebe suggested use of something other than "universe", e.g. "all other audited services".

Madden spoke in opposition to portions of the proposed rules. With respect to "statistical sampling", Madden contended the burden of proof should remain on the Department. Of major concern was the definition of "clinical records", and the fact that it was unclear whether the Department would request those records. He referenced a Scott County case on the matter.

Walker said the question posed by Madden as well as other mental health centers is being researched and the Department will respond. Department officials emphasized it is not their intent to read confidential records unless there is suspicion of fraud involving clinical records. Walker asked Madden to contact Candy Morgan, Assistant Attorney General.

7.7, ch 44
95.1

No recommendations re 7.7 or chapter 44. O'Kane in the Chair. Ryan, responding to a general question by Doyle, said federal law requires any person receiving public assistance to assign their rights of past, present and future child support payment to the Department up to the amount paid by ADC. Walker agreed to provide additional information.

130.3
ch 182

Changes from Notice were made in 130.3(1) and ch 182 as a result of the public hearing. O'Kane asked what was the normal time frame for existing contracts. Moore stated that most contracts are for a 12-month period. Renewal varies from agency to agency--not on the same fiscal year because of six-month reporting requirements. No recommendations were offered for amendments to chapter 154 or 175.

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PUBLIC
SAFETY

Connie White and Michael Rehberg presented emergency amendment to rescind chapter 18, pertaining to disposition of ammunition and firearms, ARC 5813, IAB 8/14/85. No action taken.

REAL ESTATE
COMMISSION

Kenneth L. Smith, Jenny Netcott and Jae Ann Lutz were present for review of trust accounts, 1.27, 1.27(4), 4.40(6), filed emergency, ARC 5802, IAB 8/14/85. Also present: Bud Ewell, Iowa Association of Realtors.

Smith gave brief overview of the amendments concerning trust accounts. In the matter of the time line for title guaranty program, Smith said the study committee would report to the Legislature in January 1986. He indicated the Real Estate Commission would seek repeal of SF 577, section 1, interest bearing trust account. Royce could foresee overwhelming legal liabilities to the broker. There was brief discussion of 1.27(4).

Parker recalled the intent was that when the reserve was no longer needed or if the guaranty fund is allowed, that money would go in the commitment fund.

Recess
Lunch
Reconvened

Chairman Priebe recessed the meeting for lunch at 11:45 a.m.
The meeting was reconvened at 1:45 p.m.

BOARD OF
PHARMACY

Norman Johnson was present to review:

Foreign pharmacy graduates, 1.15	ARC 5863	N	8 24 85
Patient med paks, 6.14	ARC 5864	N	8 24 85

No questions re 1.15 which establishes requirements under which foreign pharmacy graduates can obtain licensure in Iowa. Also, no questions re 6.14 which sets out procedures a pharmacist must meet to package in medpak containers for patients' use at home.

TRANSPOR-
TATION DEPT

Don East, Gordon Switzer, Robert Studer and Dwight Stevens appeared for review of:

TRANSPORTATION, DEPARTMENT OF	1820		
Highways, access control, utilities, (06,C) 2.1, (06,D) 1.1	ARC 5809	N	8 14 85
Signing manual, (06,K) 2.1(2)	ARC 5810	N	8 14 85
Primary road extensions (06,L) 1.2 to 1.4, filed emergency	ARC 5793	FE	8 14 85
Motor vehicles, operating authority, (07,F) 3, (05), 4, 5, 3, 13 E, ch 8, filed emergency	ARC 5794	FE	8 14 85
Railroads, river transportation, change division titles 10, 11 (10,B) 2.1	ARC 5811	N	8 14 85

East provided history of [06,D]1.1(306A) which was drafted in 1970, revised in 1973, and had not been changed since that time. A copy of the 32-page policy is available in the DOT office.

Stevens pointed out changes in the signing manual [06,K]2.2(2). No recommendations for [06,L]1.2 to 1.4.

Doyle called attention to the numerous passing lanes in his district and he recommended that it would be realistic for Iowa to change signs from "Slower traffic keep right" to "Keep right except to pass". Stevens thought the referenced sign was used more on 4-lane highways. Stevens explained that the change

TRANSPORTATION would be a separate issue from the manual. O'Kane
DEPARTMENT asked him to report on this matter when the signing
Concluded manual rules are revised.

Switzer summarized rules which were updated to be current with federal standards relative to interstate motor carrier safety. They are noncontroversial and thus were filed emergency. O'Kane was unsure that was a good reason for emergency filing. Studer defended emergency filing since federal fiscal year begins in October and DOT is reviewing funding requirements for the next FY. Switzer stated that significant changes would be brought in on a yearly basis.

No representative was requested to be present for [10,B]2.1, et al.

Priebe took the Chair. He asked Switzer to have someone from the Right of Way Division call him.

Emergency
Filings

Committee observed a larger influx of emergency rules and requested Burnett to work with the agencies in an attempt to change the pattern.

BANKING
DEPARTMENT

Howard K. Hall, Deputy, and Donald G. Senneff, Assistant Attorney General, represented the Banking Department for pledging of collateral to secure public deposits, 1.4(1), filed emergency, ARC 5885, IAB 8/28/85.

Chairman Priebe noted they were ahead of schedule but would begin consideration of the Banking rule. Treasurer of State representatives would be heard when they arrived.

Senneff spoke of the technical nature of the rule-making where input was received from the AG's office, State Treasurer's office, and other attorneys. Ten representatives of the banking community were also involved. Senneff presented a copy of the forms to O'Kane.

Responding to Parker, Hall said public funds were insured up to \$200,000--\$100,000 for demand and \$100,000 for time. Hall described transactions when banks are sold. So far, depositors have lost no funds as a result of banks closing in Iowa.

No Agency
Reps

Chairman Priebe called for disposition of the agency rules which were placed on the "No representative requested to appear" agenda. [see next page] Discussion of Board of Nursing subrule 3.1(6). Priebe noted that personal checks would not be accepted for the \$30 license fee. Paragraph "j" imposes a \$10 fee for a returned check which, in his

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No Agency
Reps
Bd of Nursing

opinion, was confusing. He asked Royce to call the Board of Nursing and explain ARRC concerns.

EMPLOYMENT SECURITY[370]
Determination of benefit rights, 4.7(2)"c." "e" ARC 5817 N 8/14/85

ENGINEERING AND LAND SURVEYING EXAMINERS, BOARD OF[390]
Administration, 1.5 to 1.29 ARC 5818 F 8/11/85

FOSTER CARE REVIEW BOARD, STATE[445]
Director, duties, 2.2, filed emergency ARC 5803, also notice terminated, ch 1 to 3 ARC 5587 FE 8/14/85

IOWA FINANCE AUTHORITY[524]
Method of operation, name change, 1.15, 1.16, 1.2, 1.3, 1.8(7), 2.10(1), 5.10(1), chs 1 to 7 ARC 5824, also filed emergency ARC 5823 NA, FE 8/14/85

MERIT EMPLOYMENT DEPARTMENT[570]
Definitions, pay plan, hearings and appeals, performance planning and evaluation, 1.1, 3.7, 4.5(1)"f", 4.5(5), 12.2(2), 12.3(1)"a", "b", "f", 12.3(3)"a", ch 13, 14.3, 14.3(12), 14.4, 16.1(8) ARC 5838 F 8/14/85

NURSING, BOARD OF[590]
Licensure to practice, fees, 3.1(6)"d", "j" ARC 5798 N 8/11/85
Gender changes, 2.2(2), 2.2(4)"b", 2.10(2)"b", 2.5(3)"c", 2.5(5)"d", 2.7(2)"c", 6.2(3), (4), 6.5(1)"c" ARC 5799 F 8/14/85
NCLEX applications, licensure examinations, 3.1(6)"a", 3.4(3)"c", (3), 3.4(4)"b", (3), 3.4(5)"b", (3), 3.4(6)"b", (3) ARC 5801 F 8/14/85
NCLEX, passing score, 3.4(2)"a" ARC 5800 F

NURSING HOME ADMINISTRATORS, BOARD OF EXAMINERS[600]
Declaratory rulings, fees, attendance report, 1.1, 2.5(3), 2.5(5), 3.7 ARC 5804 N 8/11/85

PUBLIC EMPLOYMENT RELATIONS BOARD[660]
Gender and editorial changes, 2.14(1), (2), 2.17(2)(9), 3.5(3), 4.4(4), 5.2(4), (5)"a", "b", 5.4(1), "a", "b", 5.4(3)"b", 6.3(1), 7.3(4), (5), 7.4(8), 7.5(5), 9.1(1) filed emergency ARC 5808 FE 8/14/85

REFUGEE SERVICE CENTER[715]
Gender changes, 1.1, filed emergency ARC 5805 FE 8/11/85

SECRETARY OF STATE[750]
Election forms, instructions, local option taxes, 11.5, ARC 5842, also filed emergency ARC 5841 N, FE 8/14/85

TREASURER OF
STATE

Lynden Lyman and Mike Tramontina arrived from the Treasurer's office. The following was before ARRC:

Deposit and security of public funds, ch 3 ARC 5729, also filed emergency ARC 5728 N, FE 7/17/85
[Carried over from August meeting]

Tramontina discussed legislation which would require banks and credit unions to pledge eligible collateral to back up any public funds in the event of default of the institution. The collateral would belong to Treasurer of State who would liquidate it and reimburse loss by public depositors.

He referenced the state program to establish insurance in excess of federal insurance for deposits made by cities, counties, school districts, county hospitals, etc. Tramontina continued that certain forms are used to ensure that the Treasurer has a secured interest in the collateral and those forms are developed in the Banking Department--other areas are administered by the Treasurer. A few minor changes will be made as a result of the hearing.

3.10(1)

Clark asked for explanation of 3.10(1) and Lyman cited a situation when a bank is acquired through purchase, merger, etc. The provision alerts a prospective purchaser, either as a result of business transaction or as a closing on notice, that those securities pledge to collateralize public funds have a lienholder interest in favor of the Treasurer of State.

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TREASURER OF STATE He considered it analogous to borrowing from a bank to buy a car and the bank retains the title until the loan is paid. No committee action.

IOWA DEVELOPMENT COMM The Iowa Development Commission was represented by Mary O'Keefe for the following:

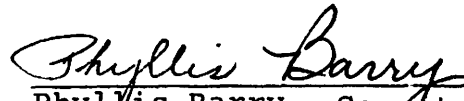
Small business new jobs training, ch 7 ARC 5852, also filed emergency ARC 5851 N + FE 8-14-85

After a brief summary of the rules, O'Keefe asked permission to terminate the Notice and allow the emergency rules to stand. A hearing had been held and no comments were received.

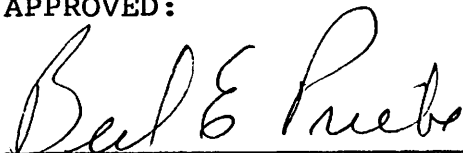
7.7 Brief discussion of 7.7. Tieden asked how area schools would handle additional costs and learned there was an allowable percentage for administrative costs. O'Keefe agreed to provide Parker a program report on their rules relative to lottery.

Adjourned The meeting was adjourned at 2:40 p.m. Next regular meeting was scheduled for October 8 and 9, 1985.

Respectfully submitted,


Phyllis Barry, Secretary
Assisted by Vivian Haag

APPROVED:


CHAIRMAN