

MINUTES OF THE SPECIAL MEETING OF THE ADMINISTRATIVE RULES REVIEW COMMITTEE

Time of meeting The special meeting of the Administrative Rules Review Committee (ARRC) was held Monday and Tuesday, January 6 and 7, 1997, in Rooms 116 and 118, State Capitol, Des Moines, Iowa.

Members present: Senator Berl E. Priebe and Representative Janet Metcalf, Cochairs; Senators H. Kay Hedge, John P. Kibbie, and Sheldon Rittmer; Representatives Horace Daggett, Minnette Doderer, and Keith Weigel. Senator William Palmer and Representative Roger Halvorson were excused.

Also present: Joseph A. Royce, Legal Counsel; Paula Dierenfeld, Administrative Rules Coordinator; IAC staff; caucus staff and other interested persons.

Convened •Cochair Priebe convened the meeting at 10:05 a.m.

HUMAN SERVICES DEPARTMENT Mary Ann Walker, Doug Howard, Gloria Conrad, Maya Krogman, Gary King, Dennis Sibert, Gary Gesaman, Shirlee Haines, and Bonnie Severson were present from the department for the following.

ARC 6893A •Daggett was told by Walker funding for a person receiving services for mental illness, mental retardation, or developmental disabilities is paid by the state and there is no reimbursement when a person moves from another state with the intent to establish residence in Iowa. She noted 600 persons who need services but do not have a legal settlement in any county are currently on the program.

ARC 6959A No questions concerning food stamp program amendments in Chapters 11 and 65.

ARC 6941A •Daggett asked if new state accreditation would be required by service providers if an organization were sold. Haines said new accreditation ensured quality care and is required.

•Priebe asked if an organization accredited in one county could commence delivery of service in another county and maintain the same accreditation. Haines responded that if the parent organization is accredited, the satellite office is as well.

ARC 6960A •Priebe, noting it is duplicative, asked why a county is required to maintain specific data on all MH/DD clients if that service is provided through hospitals or private organizations. Walker stated a clause could be added to a contract between the county and the hospital or organization that data must be maintained by the latter. Priebe pointed out a hospital or organization might supply only the name of a client, place the burden of supplying all remaining data on the county, and a county office employee would be required to go elsewhere to obtain client information.

Motion to Refer Doderer moved general referral of ARC 6960A. The motion carried.

Motion Carried

Walker indicated to Dierenfeld the association of counties was provided copies of the rule and no comments were received.

•In response to Kibbie, Walker said more than 80 counties are using the minimum data system devised by the department. She added a number of the services shown in the chart are duplicated and much of the information pertains to waiting lists which many counties may not be using.

ARC 6961A Walker stated comments were received concerning the policy governing the responsibility and authority of representatives and changes were subsequently made. Discussion ensued regarding payment of benefits which normally are exceptions but are provided to ineligible illegal aliens.

•Kibbie was informed by Walker and Howard the services are covered under federal/state funds. Kibbie commented that such provision of services places an unfair burden on the state and counties.

•Doderer pointed out it is not clearly defined which entity decides whether illegal aliens are ineligible for federally funded welfare and public benefits.

Motion to Refer •Kibbie requested unanimous consent to refer ARC 6961A to the general assembly.

Motion Carried The motion carried.

ARC 6966A •Priebe asked whether there would be a six-month discrepancy when the TANF block grant program commences on July 1, 1997, but the 60-month lifetime period began January 1, 1997.

Howard said the lifetime limit begins with the effective date and, should a state not take affirmative action to start sooner, the effective date is July 1, 1997. Since it was anticipated Iowa would receive approval for early implementation, the January 1, 1997, date was used in the rules. Written confirmation of a telephone conversation to the department granting approval will be forthcoming with an effective date retroactive to January 1, 1997.

ARC 6962A No questions on amendments in Chapters 51, 52, and 75 concerning SSI and RCF residents.

ARC 6890A No questions pertaining to Chapters 76 and 88, medical assistance eligibility cards.

ARC 6942A •Kibbie stated the county boards of supervisors are concerned there will be waiting lists for services because of property tax freeze and no increase in mental health services. Walker responded this rule

DHS (continued)

will not cover any services the counties are obligated for. She noted the current cap for the ill and handicapped is 500 clients, and Gesaman stated that due to the number of applications received, it is anticipated the cap will be exceeded in the coming year. Persons on waiting lists have other available options and the cap was set high so persons already in the process would not be denied services.

ARC 6917A

No questions on subrules 77.33(10) and 79.1(2) regarding mental health outreach providers.

ARC 6891A

•Doderer asked why subparagraph 78.24(4) "b"(1) was stricken. Walker said the old subparagraph pertaining to a hearing aid needed by a child for speech development is now covered under paragraph 78.24(4) "b." Prior approval is no longer needed if the hearing aid is for a child under the age of 21.

•Daggett was informed by Walker these rules covered those children on Medicaid.

ARC 6892A

Walker noted one comment was received suggesting rebasing of skilled nursing facility reimbursement rates be changed from three years to one year. It was felt that an annual rebasing would remove the incentive to contain costs and dilute the benefits of the prospective reimbursement system.

•Kibbie asked why the ceiling for rebasing SNF reimbursement rates was at the sixtieth percentile for hospital-based facilities and at the sixty-ninth percentile for free-standing facilities. Gesaman said a person is typically in a hospital-based facility for a very short period of time and the stay is most often covered by insurance or Medicaid. Conversely a stay in a community nursing facility, generally a free-standing facility, is for an extended period of time.

ARC 6964A

No questions concerning PROMISE JOBS program amendments in Chapter 93.

ARC 6965A

No questions regarding family-centered services amendments to Chapter 182.

Special Review (FIP)

No questions concerning Chapters 40 through 58, elimination of FIP control groups.

HUMAN INVESTMENT COUNCIL Mary Reavely appeared on behalf of the department of management.

ARC 6902A

•Rittmer asked if the innovation zones overlap the county decategorization programs. Reavely said that although overlap could occur, the decategorization programs target families and children with specific poverty and health issues. The innovation zones are open to all children and family issues and reach a broader group.

GENERAL SERVICES DEPARTMENT David Ancell, Richard Smith, and Jerry Gamble were present from the department.

ARC 6938A

•Priebe asked how the minimum three firms are selected to bid on an emergency printing contract in subrule 5.12(18). Gamble replied the firms are selected from a list of approximately 200 to 300 vendors and an attempt is made to match capabilities to a particular print job. Priebe felt everyone should have an equal chance to bid and that selective basis is not a correct process.

•Metcalf was told by Gamble an emergency contract constitutes a printing job needed within a brief span of time and that telephone bids are solicited on items under \$5,000. Metcalf agreed with Priebe and indicated all should be given an equal opportunity to bid.

•Hedge was informed approximately 70 percent of the printing jobs fall under \$5,000 and are printed within the complex; those in excess of \$5,000 are sent to outside printers and occasionally a print job will be sent to another state.

•In response to Priebe, Ancell said some bid solicitation is done on the Internet.

ARC 6940A

•Rittmer was told by Ancell fees paid to newspapers for official notifications increase from 26 cents to 29 cents for fiscal year 1997 and subsequent insertions increase from 17 cents to 19 cents. Those figures will increase to 30 cents and 20 cents in fiscal year 1998.

•Doderer expressed the opinion there should be a review of that which is necessary to officially publish.

•Priebe and Rittmer pointed out that official notification business is generally welcomed by small town publishers but not necessarily so by large city publishers.

ARC 6901A

No committee action on amendments to vendor appeals in Chapters 8 and 9.

COMMUNITY ACTION AGENCIES DIVISION Sue Downey and John Burnquist were present on behalf of the division.

ARC 6884A

•In response to Priebe, Downey stated the bonus program in subrule 10.7(2) was stricken because it put low-income clients at a disadvantage. The program gave the client immediate access to the first half of the regulated fuel benefits. Once this was used by the client to pay heating and electricity bills, the last half was then paid to the client. This proved administratively difficult for both the division and the utilities and withholding one-half of the money until the end of the heating season placed many low-income clients in a crisis situation. Priebe felt a return to the entire payment method proved detrimental. He noted it was not uncommon for low-income clients to spend the money on other things and then turn to county assistance.

•Kibbie pointed out that because of the current high energy costs some clients used the entire year's allotment on the first propane tank fill. He added that unregulated utilities in rural areas are not required to service low-income people. Downey agreed noting there is no protection for people with

CAA (continued)

deliverable fuels. Clients are placed in great peril because deliverable vendors will deliver only upon payment and refuse to take a guarantee from the division that the money will be paid. The minimum delivery has been raised to 300 gallons, an amount which cannot be covered by the annual energy assistance award, which averages approximately \$225 and is slightly higher for deliverable fuels. She said there is a possibility President Clinton may release emergency funds.

•Downey responded to Kibbie the weatherization program receives 15 percent of the division's block grant and the two groups work together to assist people with energy costs. Downey explained to Kibbie the intention of increasing furnace repair or replacement from \$800 to \$1,000 in paragraph 10.13(5) "b," is to have more energy efficient furnaces installed and ultimately decrease energy costs.

CREDIT UNION DIVISION Jim Forney represented the division for the following.

ARC 6931A •Hedge was advised "permanent loan" is the terminology used for a first or second loan on a mortgage.
 •Responding to Metcalf, Forney said the proposed rule will help people obtain affordable loans but it is not anticipated the default rate will increase.

ECONOMIC DEVELOPMENT DEVELOPMENT Melanie Johnson and Tim Metz represented the department for the following.

ARC 6981A •Metcalf asked if the job opportunities for persons with disabilities program will be linked to the FIP program helping people receive training. Metz will obtain the information and report back.

AGRICULTURAL DEVELOPMENT AUTHORITY Steve Ferguson appeared on behalf of ADA.

ARC 6886A •In response to Priebe's question, Ferguson replied loan applicants do not have to live on land they are purchasing but they must manage it on a regular basis.
 •Ferguson agreed with Weigel's statement that applicants can borrow twice as much as their net worth. A maximum net worth and the maximum loan would be \$200,000 and \$400,000 respectively.
 •Rittmer asked what down payment percent the applicants are required to make. Ferguson stated a 0 percent down loan must be repaid within seven years and there must be 120 percent of cash flow. Ten percent down results in amortization of the loan over 20 years with a balloon payment of the authority's portion paid at the end of the tenth year. Currently 56 percent of the applicants have been approved.

AGRICULTURE AND LAND STEWARDSHIP DEPARTMENT Ron Rowland, Walter Felker, Mike Mamminga and Jake Wakefield represented the department for the following.

ARC 6928A No questions on the amendment concerning reporting diseases in 64.1.
 ARC 6929A No committee action regarding subrule 65.11(2), turkeys and turkey eggs.
 ARC 6989A •Priebe asked if the permissible level of somatic cells allowed in Grade B milk in Chapter 68 would affect the Amish. He was advised by Rowland all Grade B producers would be affected in the same manner by the stricter amendments.
 ARC 6908A No committee action regarding meat and poultry inspection amendments to Chapter 76.

PERSONNEL DEPARTMENT Greg Cusack and Kelly Lovell were present on behalf of IPERS.

ARC 6933A •Rittmer noted that no mention had been made concerning the sheriffs in Item 17 of the preamble but was shown in paragraph 21.13(6) "e." Cusack stated the 1 percent increase to the 60 percent benefit formula multiplier for each year of service in excess of 30 was applicable to the special groups. He added the total number involved is less than 5,000 of the nearly 150,000 active members.
 •Hedge asked about the effective date of the rule of 88. Kibbie, noting reporting was required, stated the actuary made the decision it would be reportable by July 1, 1997. Hedge asked if future reporting would be required if it became irreversible and was told the rule of 88 is irreversible. Cusack said authorization increases the dividends going forward by whichever is less: a maximum 3 percent, 80 percent of the CPI, or by whatever the actuary says is affordable. If the actuary deems it unaffordable, no dividends are paid. Once a certain dividend level has been reached it is not reducible, but it would not necessarily increase every year. Future dividends are not locked into unless affordable. A significant cost was the dividends paid to those who retired on or before July 1, 1990, but there will be a declining expense to the system as deaths occur. Cusack reported there will be an "extreme expense," because it is based on future pay, incurred for those people who retire on or after July 1, 1990.
 •Priebe inquired what maximum amount could be drawn by a person retiring July 1, 1997. Cusack replied that would be the person's actual salary plus \$44,000, plus \$41,000, plus \$38,000 divided by 4 multiplied by the years of service multiplied by 2 percent.
 •In response to Doderer, Cusack said people who begin benefits in the next seven years may not get the full value of that salary for many years, predicated upon their salary range, and the lower-paid persons will receive the full benefit from the law much faster.

LAW ENFORCEMENT ACADEMY Gene W. Shepard was present from the academy for the following.

ARC 6900A No questions concerning special certification through examination in proposed 3.9.

WORKFORCE DEVELOPMENT BOARD JoAnn S. Callison and Pat Sampson represented the board.

ARC 6985A All amendments concerning Chapters 7 through 13 and Chapter 15 were discussed as a unit.
 ARC 6984A Callison stated the workforce development board adopted 15 areas which basically conform with the
 ARC 6983A community college boundaries.
 ARC 6982A •Daggett was told by Sampson that any changes to those boundaries must be approved through the
 ARC 6980A federal government, although the board does have some flexibility.
 •Following Sampson's explanation that there could be multiple service providers in one area, Weigel was informed a client can receive services in any area and the jobs training program will remain with the community college.
 •In response to Kibbie, Callison stated the JTPA boundaries are not changed.

LABOR SERVICES DIVISION Walter Johnson appeared on behalf of the division.

ARC 6936A No committee action pertaining to general industry exposure to asbestos in rule 10.20.
 ARC 6934A No questions concerning rule 10.20, butadiene exposure.
 ARC 6937A No questions concerning construction asbestos in 26.1.
 ARC 6935A No questions concerning butadiene exposure, 26.1.

PUBLIC EMPLOYMENT RELATIONS BOARD Jan Berry and Dick Ramsey were present from the board.

ARC 6930A •Kibbie was told by Berry the last increase for services of qualified fact finders, arbitrators and teacher termination adjudicators was in 1990. At that time, as now, the increase was \$50. Ramsey said the arbitrators have always requested the limitations in the rules either be removed or raised and that the board maintains on its list of neutrals the names of both Iowans and non-Iowans.

Committee Business Minutes

•Metcalf moved the minutes be approved. Motion carried.

ENVIRONMENTAL PROTECTION COMMISSION Joe Obr appeared on behalf of EPC.

ARC 6880A No questions on the special waste authorization requirement amendments to Chapters 100 and 102.

NATURAL RESOURCE COMMISSION Richard Bishop, Janet Ott, Arnold Sohn, and Marion Conover represented the commission for the following.

ARC 6915A No committee action concerning wild turkey spring hunting amendments to Chapter 98.
 ARC 6914A No questions on amendments to rule 67.2 and subrule 67.8(1) concerning state park recreation trails.
 ARC 6987A No questions pertaining to rules 94.6 and 94.8, nonresident deer hunting.
 ARC 6988A No committee action regarding special late season deer hunt rule 106.13.
 ARC 6913A No committee action regarding subrule 81.2(5), trout fishing.
 ARC 6986A No questions concerning game management areas, wildlife refuges, and state parks and recreation areas in Chapters 51, 52, and 61.

PROFESSIONAL LICENSURE DIVISION Carolyn Adams and Marge Bledsoe represented professional licensure.

ARC 6907A •Bledsoe indicated to Priebe the hours required for the mentoring program are changed to a percentage to allow students more time in the salon. She added that all cosmetology school owners were provided copies of the rules.
 •Metcalf asked why language was deleted concerning employees with contagious diseases. Bledsoe said such language was considered discriminatory and restricted anyone with a common cold from working. In response to Metcalf, Bledsoe then stated the time in subrule 60.10(1), paragraph "f," was increased to 12 months so a person could have that length of employment experience before applying to become an instructor.
 ARC 6905A No questions concerning massage therapist amendments in Chapters 130 and 131.
 ARC 6924A No questions on amendments regarding foreign-trained physical therapists in Chapter 200.
 ARC 6906A No questions on Chapter 285, the impaired social worker practitioner review committee.
 ARC 6904A No questions regarding continuing education of athletic trainers in Chapter 350.

PUBLIC HEALTH DEPARTMENT Carolyn Adams, Carol Hinton, Janet Beaman, Gary Ireland, and Dick Harmon were present from the department of public health, Rose Vasquez was present from the attorney general's office, and Judith Rutledge was present from PPGI for the following.

ARC 6895A No committee action concerning the WIC program amendments to Chapter 73.
 ARC 6896A Adams noted a temporary court injunction was issued pertaining to the parental notification law. Discussion ensued as to what portion of the rules was stayed by the court and which portion is in effect.

PUBLIC HEALTH
(continued)

Adams said it appears rules 89.11 through 89.12 and 89.26 are in effect. The judge is expected to render a final decision on January 13. Rutledge informed the committee the video and written materials will be finished by February 1, 1997, and distributed. It was noted the rules became effective on January 1, 1997, and Dierenfeld pointed out that rules cannot be implemented if the law is not implemented.

Motion to Refer
Motion Carried

•Priebe moved unanimous consent to refer ARC 6896A to the General Assembly. The motion carried.

Motion to Object
Motion Failed

•Doderer moved unanimous consent to object to the rule. A question was raised as to the pertinent grounds for an objection. Following discussion, the motion failed.

Motion to Object
Motion Failed

•Metcalf moved to object to ARC 6896A that the burden of proof should be on the agency and not on the individual. It was determined an objection would not alter the rule remaining in effect. Following further discussion, the motion failed.

ARC 6897A

No questions regarding trauma care facility categorization and verification in Chapter 134.

ARC 6898A

No questions concerning trauma triage and transfer protocols in Chapter 135.

ARC 6899A

No questions concerning trauma registry in Chapter 136.

EDUCATIONAL EXAMINERS BOARD Orrin Nearhoof represented the board.

ARC 6972A

No questions regarding amendments to Chapters 14 and 17, licenses, endorsements, renewals, and fees.

EDUCATION DEPARTMENT Ann Molis, Don Helvick, and Ann Marie Brick represented the department. Others in attendance included Dave Hartz, Troy Dannen, Sheldon Rabinowitz, Scott Bonine, Sandy Pomerantz, Ginger Ferguson, Dave Jaensan, Rod Kubat, Kim Walker, Loren Birchmier, Eric Poehlein, Mike Nemmers, Jim Lawson, William Scott, Matt Wagner, Bill Smith, Mike Quinn.

ARC 6923A

•Priebe was informed by Molis the ten-day notice for appeals of grant denials was set forth in rule 7.3 and also in each letter of denial to the individuals.

ARC 6921A and

ARC 6920A

Helvick stated the current rule limited to ten the number of contact days coaches could have with athletes during the summer. The Iowa Boys' Athletic High School Association and the Iowa Girls' Athletic High School Union found this difficult to monitor on a statewide basis. He further stated that small town students often had difficulty in accessing student activities at gyms since the coaches were often the ones who admitted them to the buildings. Subrule 36.15(6) deletes the ten contact days and disallows summertime coaching activity conflicting with sports in season but does not prohibit practice. Employed or volunteer coaches are restricted during a school year to only coaching the athletes in the sport during the season.

•Doderer asked who requested the revision and was told by Helvick it was the associations.

•Kibbie inquired why local control was permitted for the academic side in a public school and the athletic side was restricted. Helvick indicated the proposed rules return athletic summertime activities to local control.

•Following Hartz's comment that sports conflicted with academic time, Doderer was told no consideration was given to limiting the number of sports in which students compete.

•Daggett, noting the controversy relating to Olympic youths working with soccer players, asked why the AAU could have a separate program but those involved in Olympic groups were denied that option. Dannen responded the AAU takes place outside schools and is a separate program.

•Priebe questioned where the imposed limitations would end and commented it was better to take kids off the street, get them interested in something, and was "...a lot cheaper than putting them through a rehabilitation program."

•Metcalf was told by Hartz other states face the same situations and have similar rules.

Poehlein, Nemmers, Birchmier, Bonine, Lawson, Scott, Walker, Wagner, Smith, Rabinowitz, Kubat, Ferguson, and Quinn spoke in opposition to the proposed rules. The following concerns were expressed: Olympic development would be denied; choices should not be restricted; the soccer season should be switched from fall to spring; exemptions should be permitted in order to play at high schools and clubs at the same time or the quality will be diminished and students will be forced to choose between high school and competitive soccer; club and high school coaches get possessive of star players and are concerned about injuries; students are forced to make a choice between high school and competitive soccer; not all sports should fit into the same set of rules; excessive restriction on athletic students' rights to associate with anyone outside the school grounds; fewer rules and more student participation needed; many young people are denied the opportunity to play a sport for the value of the sportsmanship opportunity rather than competition; and it was contended that no empirical evidence exists to support the premise that participation in extracurricular activities negatively impacts academic performance.

Recess

The committee recessed at 5:03 p.m. and reconvened Tuesday, January 7, 1997 at 8:45 a.m. in Room 118.

TRANSPORTATION DEPARTMENT Thomas L. Reis, Roger E. Bierbaum, Dick Hendrickson, Dave Titcomb, Dennis Ehlert, Valerie Hunter, and Tom Sever represented DOT. Others present included Jill France and Larry Coghlan from the department of vital statistics.

- ARC 6925A •Priebe questioned whether the department awarded contracts to the lowest of all affiliates' bids as stated in Article 1103.01. Reis indicated it went to the lowest responsible affiliate bidder and Priebe pointed out that was not clearly delineated in the rule.
- Daggett asked if there was a definition of possible awards and Reis stated both "possible awards" and "responsible bids" appear in the specification book.
- Rittmer asked if the department has the right to reject all bids and restart the process and was told it does.
- Kibbie asked what type of materials become the property of the contractor at the time of cleanup. Ries said this is any material used in highway construction, although the department often instructs contractors to leave certain aggregates for use by the next contractor.
- ARC 6916A No questions on rules 480.3 and 480.4, concerning abandoned vehicles.
- ARC 6885A •Sever said the proposed rules extend the date that medically disqualified drivers are allowed to drive in Iowa from January 1, 1988, to July 29, 1996. He indicated to Rittmer and Priebe that a person could not operate a commercial vehicle if medically disqualified subsequent to July 29, 1996.
- Special Review •The special review was requested by Weigel. He apprised the committee that people getting drivers' licenses were told that birth certificates must be state issued and those issued by counties would not be accepted as proof of identification.
- ARC 6868A Hendrickson said the change was prompted by federal legislation which required more stringent regulations regarding birth certificates.
- France indicated that once the electronic system was completed state records will be available through the count recorders at the county level.
- Doderer stated this rule made it difficult for both adoptees and foreign-born to obtain birth certificates.
- Kibbie was told by Hendrickson it is anticipated that birth certificates issued by the county will be accepted by county recorders prior to July 1, 1997.

UTILITIES DIVISION Allan Kniep and Vicki Place were present from the division.

- ARC 6943A No committee action concerning rule 38.6, local exchange competition.

PHARMACY EXAMINERS BOARD Lloyd Jessen represented the board and others in attendance included Mark Schoeberl from the department of public health, Janelle Sobotka and Shelley Wangsness from the Iowa Pharmacists Association.

- ARC 6953A No questions concerning handling controlled substances in Chapter 1.
- ARC 6945A No committee action concerning amendments to Chapter 1, controlled substance registration.
- ARC 6944A No questions concerning Chapter 2 licensure amendments.
- ARC 6954A No questions regarding certification of licensure examination scores in Chapter 3.
- ARC 6955A No questions concerning Chapter 4 pharmacist-intern amendments.
- ARC 6946A No questions concerning Chapter 4 pharmacist-intern amendments.
- ARC 6947A No questions regarding pharmacy technician amendments to Chapters 6, 7, 15, 16, and 19.
- ARC 6956A No questions on Chapter 7 emergency department drug dispensing records, prepacking requirements.
- ARC 6948A No questions on Chapter 8 amendments, authorized person, prescription information and transfer.
- ARC 6957A No questions on practice of pharmacy amendments in Chapter 8.
- ARC 6949A No questions concerning discipline amendments in Chapter 9.
- ARC 6958A No questions on Chapter 20 amendments concerning pharmacy compounding practices.
- ARC 6950A No questions on subrule 20.4(3) amendment to compounding practices—pharmacy technicians.
- ARC 6951A No questions concerning electronic data amendments to Chapter 21.
- ARC 6952A No questions regarding pharmacy technicians amendments to Chapter 22.

NURSING BOARD Present from the board was Lorinda Inman.

- ARC 6970A •Priebe was told by Inman minimum standards of nursing had not changed for licensed practical nurses.
- Inman assured Daggett the LPNs and the RNs are in accord concerning the proposed rules.

INSURANCE DIVISION Terri Vaughan and Jo Oldson represented the division for the following and present from the Iowa Nurses Association was Linda Goeldner.

- ARC 6971A •Daggett requested a definition of "political risk" and was told by Vaughan it is purchased by those conducting business in a politically unstable country where property may be lost through confiscation.
- Vaughan described "weather insurance" to Rittmer as insurance purchased by organizations holding a special outdoor event which might be canceled due to weather conditions.

INSURANCE DIVISION (continued)

- ARC 6990A No committee action concerning health care insurer and HMO requirements in rules 27.8 and 40.22.
- ARC 6991A Vaughan prefaced her remarks by stating it is not within the scope of the department's authority to interpret the term "attending physicians" to include nurses.
- Doderer asked if nurse/midwives are included as care providers to the mother and newborn and whether such a definition exists in the insurance laws or if that is applicable only to attending physicians. Goeldner said that certified nurse/midwives are independent practitioners who do not necessarily work under the direction of physicians and want to be included in the definition of care providers. Vaughan added the law now makes it clear that postpartum care shall be provided if determined medically appropriate by the attending physician.
 - Kibbie requested clarification and was told that nurse/midwives can deliver babies but under current law can only do the postdischarge follow up under the direction of the attending physician.
- Motion to Refer** •Doderer moved unanimous consent to refer ARC 6991 to the General Assembly. The motion carried.
- Motion Carried**

MEDICAL EXAMINERS BOARD Ann Martino, Trudi Matthews, Dennis M. Carr, and Jennifer Hart represented the board for the following. Present from the board of physician assistant examiners was M. F. Winegardner. In attendance from the Iowa Medical Society were Paul Bishop, Keith Luchtel, and Becky Roorda.

- ARC 6978A No questions concerning licensure renewal fees in Chapter 11.
- ARC 6918A No questions regarding rescission of rule 13.2.
- Physician Assistants Martino said the medical examiners board and the physician assistant boards met but have not reviewed the new rules.

February Meeting The February meeting is scheduled for February 10, 1997.

Education Department

- ARC 6921A and Discussion commenced regarding the extracurricular interscholastic competition rules. Doderer moved to object to the rules stating the department exceeded the scope of its authority by regulating those student activities otherwise considered lawful. Members discussed whether the public felt the committee had concluded its discussion the previous day. The consensus was it would be inappropriate to continue with the action without interested members of the public present. The motion failed.
- Motion to Object**
- Motion Failed**

REVENUE AND FINANCE DEPARTMENT Carl Castelda, Mel Hickman, and Jerri DeVries represented the department; Martha Martell and Gary W. Thomas were present from the Iowa Auto Dealers Association.

- ARC 6973A No questions concerning the 1997 interest rate in subrule 10.2(16).
- ARC 6927A •In response to Kibbie, Castelda stated a processing exemption exists in the area of sales and use tax. Any tangible personal property that becomes a component of tangible personal property sold at retail is exempt from tax, based on the premise a tax will be paid when the product is sold to the final consumer. Items which are used by the manufacturer but do not become component parts of the final retail product are not exempt.
- Weigel asked whether items that do not become component parts of the final retail product are deductible as a business expense for income tax purposes. Castelda stated they are.
- ARC 6974A Castelda indicated examples 12 and 13 are not a substantive change to the rule but provide additional guidance and benefit to the auto industry as to how the tax on leases is computed. He added a bill will be filed with the legislature which will remove the tax from the tax computation making it retroactive and thereby negating the need for the computation examples.
- Martell stated examples 12 and 13 were not appropriately Noticed and the mathematics for computing the tax on the tax in leases is incorrect.
- In response to Metcalf, Royce and Castelda said that if a rule is delayed current law specifies that taxes must be collected. Large sums of money are not involved and automobile dealers can still use the rules as an informal guidance should a delay occur.
 - Weigel was told by Castelda the examples reflect various elements that occur within the lease and taxes are but one of those elements.

Motion to Delay •Kibbie move to delay the paragraph concerning examples 12 and 13. The motion failed.

Motion Failed

Motion to Refer •Weigel moved to refer ARC 6974A to the General Assembly. The motion carried.

Motion Carried

- ARC 6975A No questions on Iowa individual income tax return electronic filing in rule 39.13.
- ARC 6910A •Priebe asked how the department will verify net worth qualifications and percentage of gross income from farming requirements in order that taxpayers meet eligibility for livestock production credit refunds. Castelda replied a computation should be done and the taxpayer should keep it on file. That

REVENUE
(continued)

information will not be submitted with the income tax return, but if the department challenges a credit it will be submitted through an audit examination function.

•In response to Rittmer, Castelda stated the taxpayer will attach a computation form to the income tax return. A line on the front of the return will indicate the actual refund amount. The department will capture the refund amount, wait until all returns are processed to determine if the refunds exceed \$2 million and, if so, prorate each claim. If the claims do not exceed \$2 million, that amount must be paid by February 1998.

•Kibbie asked if the value of the net worth is established at a certain time of the year. Castelda responded it is the last day of the tax year and for most farmers, who are on a calendar basis, that is December 31.

ARC 6912A

No committee action on Chapter 50 amendments, apportionment of income for resident shareholders of S corporations.

ARC 6911A

No questions concerning livestock production credit in rule 52.13.

ARC 6909A

No questions concerning property tax amendments to Chapters 71, 73, 74, 79, and 80.

ARC 6976A

No committee action concerning inheritance tax amendments to Chapter 86.

ARC 6977A

No questions concerning fiduciary income tax in paragraph 89.8(8)"c."


Tributes

Tributes and thank yous were extended to Senator Priebe and Representatives Halvorson and Daggett for their years of exemplary service rendered to the Administrative Rules Review Committee.

Adjourned

Upon motion of Representative Daggett, the meeting was adjourned at 12:21 p.m.

Respectfully submitted,


Cathy Kelly

APPROVED:


Senator Berl E. Priebe