



Fiscal Services Division

ADMINISTRATIVE RULES – FISCAL IMPACT SUMMARIES

August 16, 2010

Section 17A.4(3) Iowa Code Supplement requires the Legislative Services Agency (LSA) to analyze the fiscal impact of all administrative rules with an impact of \$100,000 or more and provide a summary of the impact to the Administrative Rules Review Committee (ARRC). Fiscal Impact Statements filed by State agencies can be found on our website at http://staffweb.legis.state.ia.us/lfb/docs/Admin_Rules/arfiscal_notes.htm

Board of Medicine

ARC 8918B

Rule Summary Establishes standards of practice for interventional chronic pain management. Provides for the definition of interventional chronic pain management as the practice of medicine.

Fiscal Impact No fiscal impact. The Board of Medicine retains fees from licensees for Board operations.

STAFF CONTACT: Deborah Helsen (Ext. 16764)

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Department of Human Services

ARC 8975B

Rule Summary Makes the following changes to the Medicaid Program:

- Removes Medicaid drugs prescribed for mental illness from the list of drugs that are exempt from prior authorization when the drug is not on the Preferred Drug List (PDL).
- Restricts physicians and other prescribers to a maximum of three days of prescription drugs that are not on the Medicaid PDL while seeking approval to continue the medication.
- Places chemically unique mental health drugs on the nonpreferred drug list and requires prior authorization if the drug does not receive supplemental rebates. This Section is to be implemented January 1, 2011.

Fiscal Impact These changes are estimated to save the State \$343,000 in FY 2011 and \$997,000 in FY 2012. These changes are required as part of SF 2088 (Government Reorganization and Efficiency Act) and were included in the FY 2011 Medicaid appropriation estimate.

ARC 8977B

Rule Summary Changes the IowaCare Program premiums to meet federal requirements, implements a regional provider network, and implements nonparticipating provider reimbursement.

Fiscal Impact The Department of Human Services can no longer charge premiums to IowaCare members with income less than 150.0% of the federal poverty level due to changes in the federal Deficit Reduction Act of 2005. The reduction in premiums is estimated to reduce the State share of revenues to the Program by \$300,000 in FY 2011 and \$500,000 in FY 2012. Implementing the regional provider network will cost the State \$1.8 million in FY 2011 and \$2.3 million in FY 2012. Implementing reimbursement for non-participating providers will cost the State \$594,000 in FY 2011 and \$767,000 in FY 2012. Funding for the regional provider network and nonparticipating provider reimbursement was provided in HF 2526 (Health and Human Services Appropriations Act) for FY 2011.

STAFF CONTACTS: Jess Benson (Ext. 14611) Deborah Helsen (Ext. 16764)

Department of Natural Resources

ARC 8950B

Rule Summary Updates the Groundwater Hazard Form to incorporate private sewage disposal requirements in HF 2437 (Septic System Inspection Updates Act).

Fiscal Impact No fiscal impact.

STAFF CONTACT: Debra Kozel (Ext. 16767)

Environmental Protection Commission

ARC 8845B

Rule Summary Updates air quality rules for new federal requirements and includes revised National Ambient Air Quality Standards (NAAQS) for nitrogen dioxide (NO₂). These include amendments to the New Source Performance Standards (NSPS) for nonmetallic mineral processing and for coal processing. The new federal standards also include adoption of new National Emission Standards for Hazardous Air Pollutants (NESHAP) affecting chemical manufacturing facilities, paint and allied products manufacturing, prepared feed manufacturing, and stationary reciprocating internal combustion engines that burn diesel fuel. The rules provide the option for a facility with an incident of excess emissions to submit an initial report using email rather than by phone or in person.

Fiscal Impact The DNR will establish an ambient air monitoring network for nitrogen dioxide that will cost an estimated \$100,000 to \$500,000 per year. The expenditures for FY 2012 will include the installation of two monitors and personnel costs. Expenditures for FY 2013 and each year after will include personnel costs and operating costs related to the monitors. The DNR will apply for federal funds to pay these expenditures.

STAFF CONTACT: Debra Kozel (Ext. 16767)

Community Action Agencies Division – Department of Human Rights

ARC 8955B

Rule Summary Transfers administration of the Family Development and Self-Sufficiency Program (FaDSS) from Department of Human Services (DHS) to the Department of Human Rights (DHR). The DHR currently administers the Program through a Memorandum of Agreement with the DHS. Establishes council membership and duties, provisions for the grant proposal process and the awarding of grants, grant contract provisions, criteria and conditions for at-risk families, referral of families, grantee responsibilities, and program evaluation.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Joseph Brandstatter (Ext. 18223)

Department of Cultural Affairs

ARC 8956B

Rule Summary Establishes rules for the Iowa Cultural Trust Sustainability Challenge Grant Program. Grant funds will be made available to Iowa cultural organizations to sustain their operating-support endowments. The rules have been modified since they were first noticed to remove redundant language.

Fiscal Impact Grant awards from the interest on the Cultural Trust Fund are estimated to total between \$100,000 and \$200,000 annually. The impact of the awards on the Trust Fund will begin to occur in FY 2012 and beyond.

STAFF CONTACT: Ron Robinson (Ext. 16256)

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Board of Educational Examiners

		ARC 8971B
Rule Summary	Removes detention in a brothel as a criminal sexual offense from the Board's administrative rules. This reflects a change in statute enacted in 2010.	
Fiscal Impact	No fiscal impact.	
		ARC 8957B
Rule Summary	Requires applicants for a Class A one-year nonrenewable license to have the signature of the superintendent. This is intended to alert superintendents to faculty that have not completed the required credits for renewal of a standard license.	
Fiscal Impact	No fiscal impact.	
		ARC 8969B
Rule Summary	Prohibits issuance of a nonrenewable Class B license, valid for only two years with limited requirements, for the driver education endorsement.	
Fiscal Impact	No fiscal impact.	
		ARC 8961B
Rule Summary	Requires an applicant for a substitute teacher license to have a degree from an approved teacher education program.	
Fiscal Impact	No fiscal impact.	
		ARC 8968B
Rule Summary	Specifies that teachers holding a substitute license may not substitute in a driver education classroom.	
Fiscal Impact	No fiscal impact.	
		ARC 8965B
Rule Summary	Updates the requirements for the elementary school teacher librarian endorsement to reflect the skills needed.	
Fiscal Impact	No fiscal impact.	
		ARC 8966B
Rule Summary	Updates skills required for the secondary school teacher librarian endorsement to reflect the skills needed.	
Fiscal Impact	No fiscal impact.	

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ARC 8967B
Rule Summary Updates the skills needed for the school teacher librarian PK-12 (pre-kindergarten to grade 12) endorsement to reflect the skills needed.

Fiscal Impact No fiscal impact.

ARC 8958B
Rule Summary Permits a person that has completed a nonteaching program, such as a school guidance counseling or social work program, to become licensed as a school administrator with completion of certain coursework.

Fiscal Impact No fiscal impact

ARC 8960B
Rule Summary Adds an area of concentration for paraeducators that work with vision-impaired students.

Fiscal Impact No fiscal impact.

ARC 8970B
Rule Summary Removes detention in a brothel as a criminal sexual offense from the Code of Professional Conduct and Ethics. This reflects a change in statute enacted in 2010.

Fiscal Impact No fiscal impact.

ARC 8959B
Rule Summary Permits an individual with a Professional Service license to obtain a Class B two-year nonrenewable license and practice in an additional professional service area while completing the necessary course work to obtain the new endorsement.

Fiscal Impact No fiscal impact

STAFF CONTACT: Robin Madison (Ext. 15270)

Board of Nursing

ARC 8930B
Rule Summary Updates the current limited and expanded intravenous therapy scope of practice for a licensed practical nurse. Intravenous therapy involves the injection of fluids directly into veins. Licensed practical nurses must be supervised by a registered nurse when practicing intravenous therapy.

Fiscal Impact No fiscal impact. The Board of Nursing retains fees collected from licensees to operate their activities.

STAFF CONTACT: Deborah Helsen (Ext. 16764)

Department of Public Health

ARC 8973B

Rule Summary Implements HF 811 (FY 2010 Health and Human Services Appropriations Act). The legislation placed the Child Death Review Team under the State Medical Examiner's Office. The Child Death Review Team assists in identifying preventable deaths of children under 18 years of age and methods for prevention of such deaths. Changes include the following:

- Expands the purpose of the Team by including identifying unsafe consumer products, unsafe environments, factors playing a role in an accident, homicides and suicides, and promoting communication amongst agencies involved in investigations.
- Provides for term limits for members of the Team.
- Specifies that members be appointed by the State Medical Examiner and not the Director of the Department of Public Health.
- Provides that the Office will select cases for the Team to review and that the Team will meet as frequently as determined by the State Medical Examiner.
- Establishes a Child Fatality Review Committee as an ad hoc committee under protocols developed by the Team. The primary responsibility will be to review child abuse assessments that involve the fatality of a child under the age of 18.
- Adds a member from the public to the membership of the Team.

Fiscal Impact Minimal fiscal impact. The State Medical Examiner's Office is responsible for the budget of the Child Death Review Team. Additional funding was not provided to the Office for this change. Existing staff will absorb the additional responsibility.

ARC 8974B

Rule Summary Updates rules relating to the Iowa Domestic Abuse Death Review Team including the composition of the Team and the frequency of issuing reports. Includes making the former annual report a biennial one, allowing the health care provider appointed to the Team to be a doctor or a nurse, appointing both a female and male victim of domestic abuse, and the addition of the Department of Human Rights as a liaison assigned to the Team.

Fiscal Impact No fiscal impact. Although operating costs may increase slightly with the additional members added to the Iowa Domestic Abuse Review Team, the cost of travel and per diems are paid for with a federal grant.

ARC 8860B

Rule Summary Plumbing and Mechanical Systems Board: Provides for the minimum standards for plumbing materials and plumbing methods in buildings and on premises in Iowa.

Fiscal Impact No fiscal impact. The Plumbing and Mechanical Systems Board retains fees paid by licensees to fund the operations and activities of the Board.

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Department on Aging

ARC 8939B

Rule Summary Removes unnecessary definitions and adds new ones. Removes certain Department on Aging duties, access requirements, confidentiality, complaint referral, and the reporting system that are covered in statute. Establishes procedures for notice and appeal of penalties assessed for interference with the official duties of a long-term care resident's advocate/ombudsman.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Jess Benson (Ext. 14611)

Department of Agriculture and Land Stewardship

ARC 8976B

Rule Summary Updates the list of reportable infectious and contagious animal diseases and the fee schedule paid to veterinarians.

Fiscal Impact Minimal fiscal impact. The Department of Agriculture and Land Stewardship estimates costs will increase by \$5,000 per year and the additional expense will be paid with revenue from the Brucellosis Fund.

ARC 8951B

Rule Summary Changes the time period that an out-of-state Cervidae (farm deer) herd must be monitored from three to five years. The change was approved by the Farm Deer Council.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Debra Kozel (Ext. 16767)

Utilities Division – Department of Commerce

ARC 8949B

Rule Summary Expands the wind energy tax production credit to include small wind and innovation zones.

Fiscal Impact No fiscal impact. Sufficient demand for wind energy production tax credits currently exists to fully utilize the current capacity cap. Expanding the Small Wind Innovation Zone Program to include small wind innovation zone projects will increase competition for the credits, but will not increase the dollar volume of the credits redeemed. The Utilities Board has indicated that additional administrative duties can be handled at the current staffing level.

ARC 8931B

Rule Summary Reflects new advances in exterior flood lighting (street lighting) technology.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Joseph Brandstatter (Ext. 18223)

Department of Public Safety

ARC 8936B

Rule Summary Updates the requirements and procedures related to the collection and dissemination of criminal history records to recognize various technological and statutory changes and updates the fees to reflect current operating costs. Changes the location of the criminal history record rules as part of an ongoing effort to renumber and reorganize the administrative rules of the Department of Public Safety to make the rules more accessible and understandable to the public.

Fiscal Impact No fiscal impact.

ARC 8938B and 8937B

Rule Summary Simplifies current requirements for compliance certificates and installation certificates for modular structures.

Fiscal Impact No fiscal impact.

ARC 8941B and 8942B

Rule Summary Prescribes the form to be used by law enforcement agencies when requesting notification from a hospital or facility prior to the discharge of a person delivered to a hospital or facility because of a serious mental impairment, when there is an arrest warrant for the person or charges are pending against the person.

Fiscal Impact No fiscal impact.

ARC 8935B

Rule Summary Makes the following changes:

- Changes decisions regarding temporary incapacity of members of the System from the Board of Trustees to the Commissioner of Public Safety.
- Changes the escalation amount for the Peace Officers' Retirement System (PORS) members from compounding each year to a set escalation amount in five-year increments.
- Adds the reimbursements for medical expenses of members. This codifies practices established by the Board.
- Allows members of the PORS to purchase permissive service credit for eligible qualified service based on the actuarial cost of the service minus a credit for contributions made to the 411 System when the person was a member of that System.

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Fiscal Impact The changes in escalation is a decrease of \$75,000 of benefit income for a member surviving 25 years beyond their retirement date. The flat escalator language provides the PORs a savings of future benefits payable totaling approximately \$950,000 per year due to the elimination of compounding of the amounts.

The estimated cost of purchasing the years of service, plus interest, is approximately \$1.3 million; however, it requires an actuarial study. The estimated cost to provide a credit for the contributions that the members did not receive back from the 411 System is approximately \$135,000 or \$4,400 in credit for each year of service purchased. The remaining \$1.2 million would be paid by the employees. House File 2518 (Public Retirement Systems Act) also provided a standing unlimited appropriation for an amount equal to that portion of the actuarial cost of the permissive service credit purchase for eligible service credit. The cost to the General Fund is estimated to be \$135,000.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

Department of Corrections

ARC 8926B

Rule Summary Permits offenders and family to communicate by electronic means (O-Mail). Amends rules relating to Community-Based Corrections (CBC) District Departments to make these rules consistent with policies and procedures governing medical care of offenders on work release, parole, and Operating While Intoxicated (OWI) offenses. Makes nonsubstantive technical updates related to offender time loss appeals to conform to the Iowa Code, certain notifications to the Board of Parole, and fees for OWI offenders.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

Homeland Security and Emergency Management Division – Department of Public Defense

ARC 8932B

Rule Summary Changes the name of the Homeland Security and Emergency Management Division's name to reflect statute.

Fiscal Impact No fiscal impact.

ARC 8933B

Rule Summary Changes the name and address of the Homeland Security and Emergency Management Division's name to reflect statute and location address.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

Iowa Finance Authority

ARC 8948B and 8947B

Rule Summary Adopts the 2010 First Amended Low Income Housing Tax Credit Qualified Allocation Plan to allow unsuccessful applicants for federal low income housing tax credits to revise and resubmit their applications.

Fiscal Impact The amount of additional federal low income housing tax credits that will be awarded because of this rule change is unknown. Approximately \$17.0 million remains available to be awarded this calendar year. The rule change will facilitate the awarding of those credits.

ARC 8946B and 8945B

Rule Summary Amends the Military Service Member Homeownership Assistance Program to implement HF 2148 (Iowa Finance Authority's Veterans Home Ownership Lenders Program Act), allowing loans by lenders that do not participate in the Authority's other programs under certain circumstances.

Fiscal Impact Approximately \$680,000 is currently available from the Fund for this Program for FY 2011 since funds have already been encumbered from the FY 2011 Rebuild Iowa Infrastructure Fund appropriation of \$1.0 million.

ARC 8962B

Rule Summary Establishes procedures to maximize the use of Recovery Zone Bond authority pursuant to HF 2487 (Build America Bonds Recovery Zone Allocations Act).

Fiscal Impact No fiscal impact. Entities in Iowa are permitted to issue up to \$90.0 million for Recovery Zone Economic Development Bonds and \$135.0 million for Recovery Zone Facility Bonds.

ARC 8964B and 8963B

Rule Summary Adopts existing rules for the administration of the HOME Program (the HOME investment partnerships program, authorized by the Cranston-Gonzalez National Affordable Housing Act of 1990) within the Iowa Finance Authority (IFA). The Program will now be administered by the IFA in lieu of the Department of Economic Development.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Ron Robinson (Ext. 16256)

Iowa Public Employees' Retirement System

ARC 8928B and ARC 8929B

Rule Summary Includes provisions for covered wage restorations for employees that bump into lower paying jobs to avoid a layoff. Extends the sunset provision for bona fide retirement for licensed health care professionals. Clarifies presumption for disease contracted by a special service member while on duty. Clarifies that noncovered employment for National Guard members called to active duty is not covered employment.

Eliminates a provision that is already covered under Iowa Public Employees' Retirement System (IPERS) covered wage statute, and other cafeteria plan rules that govern IPERS coverage for certain cafeteria plan payments. These "bounty" situations, where the employee may benefit from a cash payment with less value than the benefit that others in the group may receive in lieu of the same benefit were not applied uniformly for IPERS coverage. Eliminates provisions regarding refunds to retired re-employed members contributions that have been superseded by more beneficial statutory changes. Streamlines the process for distribution of death benefits to multiple beneficiaries. Clarifies the IPERS required minimum distribution calculation methods for lump-sum death benefit distributions. Clarifies that certain service purchases may or may not increase the numerator and denominator of the marital portion as used to determine the service factor under a domestic relations order.

Fiscal Impact Known fiscal impacts are as follows:

- Minimal fiscal impact for covered wage restoration. Those that make the contribution pay both the employer and employee contribution. There may be a loss of revenue for those not near retirement that may not make up the IPERS contribution.
- The estimated number of members utilizing the bounty rule is unknown but expected to be minimal. A typical monthly bounty payment is in the \$50 to \$100 dollar range. A slight increase in IPERS contributions will take place and a similar increase in the benefit amount when a member initiates that.
- The cost of extending the sunset provision for bona fide retirement for health care professionals is not yet known. An actuarial impact study is underway that occurs every four years that will examine this provision.
- The fiscal impact for the bona fide retirement exception for active duty is expected to be minimal.
- The impact of contracted disease while on duty as a special service member varies from 0.04 to 0.07 percentage point in the total contribution rate. Any actuarial-based change will occur in FY 2012 or after.

STAFF CONTACT: Joseph Brandstatter (Ext. 18223)

Public Employment Relations Board

ARC 8953B

Rule Summary Conforms rules to technical and corrective amendments to the Iowa Code.

Fiscal Impact Minimal fiscal impact. This could result in a small long-term savings for the Public Employment Relations Board.

STAFF CONTACT: Ron Robinson (Ext. 16256)

Department of Revenue**ARC 8944B**

Rule Summary Implements provisions from House File 2531 (FY 2011 Standings Appropriations Act) and House File 2532 (Veterans Trust Fund Income Exemption Act). Specifies penalties for improper receipt of a refund or credit. Changes the taxation of spouses of military personnel in accordance with the Military Spouses Residency Relief Act. Corrects an example regarding the reporting of income for Iowa individual income tax from intangible personal property for nonresidents of Iowa. Prohibits an increase in the expensing allowance under Section 179 of the Internal Revenue Code for Iowa individual income tax purposes for the tax year beginning January 1, 2009, but before January 1, 2010. Excludes certain income received from the Iowa Veterans Trust Fund from Iowa individual income tax. Provides for the waiver of penalty and interest related to additional tax related to amended returns for Iowa individual income tax for certain casualty losses for the 2008 tax year. Removes obsolete provisions regarding consolidated Iowa corporation income tax returns that relate to tax periods beginning prior to July 1, 1992.

Fiscal Impact The change reflected in House File 2531 related to waiver of penalty and interest for amended Iowa returns for certain casualty losses will decrease revenues by \$100,000 for FY 2010 and \$110,000 for FY 2011. This loss was included in the estimated State revenues for FY 2010 and FY 2011. The other changes have a minimal impact.

ARC 8954B

Rule Summary Implements sections of Senate File 2380 (Tax Credit Reductions and Review Act). Revises individual income tax rules, corporation income tax rules, and franchise tax rules involving tax credits as follows:

- Requires taxpayers to retain certain records related to tax credits.
- Repeals the refund of unused investment tax credit for businesses approved by the Department of Economic Development.
- Reduces the Historic Preservation and Cultural and Entertainment District Tax Credit.
- Repeals the Investment Tax Credit for Equity Investments in a Venture Capital Fund.
- Reduces the Endow Iowa Tax Credit.
- Repeals the Economic Development Region Revolving Fund Tax Credit.
- Changes the Aggregate Tax Credit Limit for certain economic development programs.
- Changes the calculation of the supplemental research activities credit for businesses approved by the Department of Economic Development.
- Updates the sequence of tax credits for corporation income tax.
- Corrects a grammatical error regarding the Disaster Recovery Housing Project Tax Credit for corporation income tax.

Fiscal Impact The change related to repeal of the Refundable Investment Tax Credit for value-added agricultural projects and changes to the Endow Iowa Tax Credit will reduce tax credit redemptions by \$4.1 million for FY 2011 and \$4.2 million for FY 2012, as reflected in the Fiscal Note filed March 18, 2010. This change was included in the estimated State revenues for FY 2011.

Secretary of State

ARC 8972B

Rule Summary Terminates the rule initiated by the Notice of Intended Action relating to the written summary that will be printed on the ballot for the proposed constitutional amendment relating to the Natural Resources and Outdoor Recreation Trust Fund. The amendment will be on the ballot at the General Election on November 2, 2010. The period for comments passed without the Secretary receiving any comments requiring changes to the proposed summary.

Fiscal Impact No fiscal impact.

STAFF CONTACT: David Reynolds (Ext. 16934)

Treasurer of State

ARC 8952B

Rule Summary Reflects changes associated with processing requirements and data security in the credit card industry. Conforms with current credit card processing requirements and regulations as promulgated by the card association (Payment Card Industry Council). State agencies that abide by the new rules will be in compliance with the State's credit card processing contract, with card association rules and regulations, and with the Payment Card Industry-Data Security Standards, thereby avoiding fines and penalties and protecting their customers' credit card data.

Fiscal Impact No significant fiscal impact. To comply with the card association requirements, each State agency that accepts credit cards will spend between \$200 - \$1,000 annually for a review of their credit card data security. This is a card association requirement of all merchants that accept credit cards.

STAFF CONTACT: David Reynolds (Ext. 16934)

Workers' Compensation Division – Department of Workforce Development

ARC 8943B

Rule Summary Updates references to payroll taxes for purposes of determining the rate of weekly workers compensation benefits.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Ron Robinson (Ext. 16256)
