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PREFACE

The Iowa Administrative Bulletin is published biweekly pursuant to Iowa Code chapters 2B and 17A and contains Notices of Intended Action and rules adopted by state agencies.

It also contains Proclamations and Executive Orders of the Governor which are general and permanent in nature; Regulatory Analyses; effective date delays and objections filed by the Administrative Rules Review Committee; Agenda for monthly Administrative Rules Review Committee meetings; and other materials deemed fitting and proper by the Administrative Rules Review Committee.

The Bulletin may also contain public funds interest rates [12C.6]; workers' compensation rate filings [515A.6(7)]; usury rates [535.2(3)"a"]; and agricultural credit corporation maximum loan rates [535.12].

PLEASE NOTE: Underscore indicates new material added to existing rules; ~~strike through~~ indicates deleted material.

STEPHANIE A. HOFF, Administrative Code Editor

Telephone: (515)281-3355

Fax: (515)281-5534

CITATION of Administrative Rules

The Iowa Administrative Code shall be cited as (agency identification number) IAC (chapter, rule, subrule, lettered paragraph, or numbered subparagraph).

441 IAC 79	(Chapter)
441 IAC 79.1	(Rule)
441 IAC 79.1(1)	(Subrule)
441 IAC 79.1(1)"a"	(Paragraph)
441 IAC 79.1(1)"a"(1)	(Subparagraph)

The Iowa Administrative Bulletin shall be cited as IAB (volume), (number), (publication date), (page number), (ARC number).

IAB Vol. XII, No. 23 (5/16/90) p. 2050, ARC 872A

NOTE: In accordance with Iowa Code section 2B.5A, a rule number within the Iowa Administrative Code includes a reference to the statute which the rule is intended to implement: 441—79.1(249A).

Schedule for Rule Making 2016

NOTICE SUBMISSION DEADLINE	NOTICE PUB. DATE	HEARING OR COMMENTS 20 DAYS	FIRST POSSIBLE ADOPTION DATE 35 DAYS	ADOPTED FILING DEADLINE	ADOPTED PUB. DATE	FIRST POSSIBLE EFFECTIVE DATE	POSSIBLE EXPIRATION OF NOTICE 180 DAYS
Dec. 30 '15	Jan. 20 '16	Feb. 9 '16	Feb. 24 '16	Feb. 26 '16	Mar. 16 '16	Apr. 20 '16	July 18 '16
Jan. 15	Feb. 3	Feb. 23	Mar. 9	Mar. 11	Mar. 30	May 4	Aug. 1
Jan. 29	Feb. 17	Mar. 8	Mar. 23	Mar. 25	Apr. 13	May 18	Aug. 15
Feb. 12	Mar. 2	Mar. 22	Apr. 6	Apr. 8	Apr. 27	June 1	Aug. 29
Feb. 26	Mar. 16	Apr. 5	Apr. 20	Apr. 22	May 11	June 15	Sep. 12
Mar. 11	Mar. 30	Apr. 19	May 4	May 6	May 25	June 29	Sep. 26
Mar. 25	Apr. 13	May 3	May 18	***May 18***	June 8	July 13	Oct. 10
Apr. 8	Apr. 27	May 17	June 1	June 3	June 22	July 27	Oct. 24
Apr. 22	May 11	May 31	June 15	June 17	July 6	Aug. 10	Nov. 7
May 6	May 25	June 14	June 29	***June 29***	July 20	Aug. 24	Nov. 21
May 18	June 8	June 28	July 13	July 15	Aug. 3	Sep. 7	Dec. 5
June 3	June 22	July 12	July 27	July 29	Aug. 17	Sep. 21	Dec. 19
June 17	July 6	July 26	Aug. 10	Aug. 12	Aug. 31	Oct. 5	Jan. 2 '17
June 29	July 20	Aug. 9	Aug. 24	***Aug. 24***	Sep. 14	Oct. 19	Jan. 16 '17
July 15	Aug. 3	Aug. 23	Sep. 7	Sep. 9	Sep. 28	Nov. 2	Jan. 30 '17
July 29	Aug. 17	Sep. 6	Sep. 21	Sep. 23	Oct. 12	Nov. 16	Feb. 13 '17
Aug. 12	Aug. 31	Sep. 20	Oct. 5	Oct. 7	Oct. 26	Nov. 30	Feb. 27 '17
Aug. 24	Sep. 14	Oct. 4	Oct. 19	***Oct. 19***	Nov. 9	Dec. 14	Mar. 13 '17
Sep. 9	Sep. 28	Oct. 18	Nov. 2	***Nov. 2***	Nov. 23	Dec. 28	Mar. 27 '17
Sep. 23	Oct. 12	Nov. 1	Nov. 16	***Nov. 16***	Dec. 7	Jan. 11 '17	Apr. 10 '17
Oct. 7	Oct. 26	Nov. 15	Nov. 30	***Nov. 30***	Dec. 21	Jan. 25 '17	Apr. 24 '17
Oct. 19	Nov. 9	Nov. 29	Dec. 14	***Dec. 14***	Jan. 4 '17	Feb. 8 '17	May 8 '17
Nov. 2	Nov. 23	Dec. 13	Dec. 28	***Dec. 28***	Jan. 18 '17	Feb. 22 '17	May 22 '17
Nov. 16	Dec. 7	Dec. 27	Jan. 11 '17	Jan. 13 '17	Feb. 1 '17	Mar. 8 '17	June 5 '17
Nov. 30	Dec. 21	Jan. 10 '17	Jan. 25 '17	Jan. 27 '17	Feb. 15 '17	Mar. 22 '17	June 19 '17
Dec. 14	Jan. 4 '17	Jan. 24 '17	Feb. 8 '17	Feb. 10 '17	Mar. 1 '17	Apr. 5 '17	July 3 '17
Dec. 28	Jan. 18 '17	Feb. 7 '17	Feb. 22 '17	Feb. 24 '17	Mar. 15 '17	Apr. 19 '17	July 17 '17

PRINTING SCHEDULE FOR IAB

<u>ISSUE NUMBER</u>	<u>SUBMISSION DEADLINE</u>	<u>ISSUE DATE</u>
4	Friday, July 29, 2016	August 17, 2016
5	Friday, August 12, 2016	August 31, 2016
6	Wednesday, August 24, 2016	September 14, 2016

PLEASE NOTE:

Rules will not be accepted after **12 o'clock noon** on the filing deadline unless prior approval has been received from the Administrative Rules Coordinator's office.

If the filing deadline falls on a legal holiday, submissions made on the following Monday will be accepted.

*****Note change of filing deadline*****

The Administrative Rules Review Committee will hold its regular, statutory meeting on Friday, August 5, 2016, at 9 a.m. in Room 116, State Capitol, Des Moines, Iowa. The following rules will be reviewed:

NOTE: See also Supplemental Agenda to be published in the August 3, 2016, Iowa Administrative Bulletin.

EDUCATIONAL EXAMINERS BOARD[282]

EDUCATION DEPARTMENT[281]"umbrella"

Administrator licenses and endorsements—temporary permits, experience requirements,
18.1, 18.4(4), 18.8, 18.9, 18.11(2) Filed **ARC 2631C** 7/20/16

EDUCATION DEPARTMENT[281]

Open enrollment, 17.3, 17.8(2), 17.10(1), 17.12 Notice **ARC 2609C** 7/6/16
Extracurricular interscholastic competition—open enrollment, 36.15(4), 36.16 Notice **ARC 2608C** 7/6/16
Individual career and academic plan, ch 49 Notice **ARC 2627C**, also Filed Emergency **ARC 2620C** 7/20/16
Standards for teacher intern preparation programs, amendments to ch 77 Filed **ARC 2606C** 7/6/16

ENVIRONMENTAL PROTECTION COMMISSION[567]

NATURAL RESOURCES DEPARTMENT[561]"umbrella"

Flood plains—construction criteria for bridges, embankments, culverts; permit requirements;
waivers and variances; technical updates, amendments to chs 70 to 72 Notice **ARC 2629C** 7/20/16
Solid waste management and disposal, amendments to chs 100, 101, 111 Notice **ARC 2630C** 7/20/16

HOMELAND SECURITY AND EMERGENCY MANAGEMENT DEPARTMENT[605]

Local emergency management coordinators—baseline and professional development
training, 7.4(4) Filed **ARC 2618C** 7/6/16

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Increase in average statewide private-pay cost of nursing facility services and of charges for
institutional care, 75.23(3), 75.24(3)"b" Filed Emergency After Notice **ARC 2605C** 7/6/16
Record check evaluations for certain employers and educational training programs—deferred
judgment, 119.1, 119.2(1) Filed **ARC 2604C** 7/6/16

LABOR SERVICES DIVISION[875]

WORKFORCE DEVELOPMENT DEPARTMENT[871]"umbrella"

Federal occupational safety and health standards—adoption by reference, 4.3 Notice **ARC 2615C** 7/6/16
Material lift elevators, 71.1, 71.16, 72.22 Filed **ARC 2603C** 7/6/16
Conveyances—elevators in broadcast towers, 71.11(2)"a," 72.28, 73.28 Filed **ARC 2607C** 7/6/16

LIBRARIES AND INFORMATION SERVICES DIVISION[286]

EDUCATION DEPARTMENT[281]"umbrella"

Organization and operation—updates, 1.3 to 1.6, 1.7(5) Filed **ARC 2622C** 7/20/16
Update of state library address, 2.3(1) Filed **ARC 2623C** 7/20/16
ICN classroom policy, rescind ch 4 Filed **ARC 2626C** 7/20/16
Internet use policy, 7.1 to 7.6 Filed **ARC 2625C** 7/20/16
Iowa regional library system; library service area boards of trustees, rescind chs 8, 9 Filed **ARC 2624C** 7/20/16

MEDICINE BOARD[653]

PUBLIC HEALTH DEPARTMENT[641]"umbrella"

Hearing procedures—composition of hearing panel, 25.18(1) Notice **ARC 2610C** 7/6/16

NATURAL RESOURCE COMMISSION[571]

NATURAL RESOURCES DEPARTMENT[561]"umbrella"

Alcoholic liquor, beer, and wine ban at beaches in Lake Macbride State Park and Pleasant
Creek State Recreation Area, 61.7(2) Notice **ARC 2612C** 7/6/16

PUBLIC HEALTH DEPARTMENT[641]

State plumbing code—update of census date and Uniform Plumbing Code edition date, 25.5
Filed Emergency **ARC 2614C** 7/6/16
Board-certified behavior analyst and board-certified assistant behavior analyst
(BCBA/BCaBA) grants program, ch 107 Amended Notice **ARC 2621C** 7/20/16
Anatomical gift public awareness and transplantation fund, ch 122 Notice **ARC 2634C** 7/20/16
Scope of practice for Iowa EMS providers, critical care paramedic curriculum—adoption by
reference, 131.3(3), 131.5(1), 132.2(4) Notice **ARC 2628C** 7/20/16

REVENUE DEPARTMENT[701]

- Manufacturing—tax exemptions, 15.3(3), 18.29(7), 18.58, 230.5, 230.14 to 230.22
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- Iowa ABLE savings plan trust, 40.81, 86.5(16) Notice **ARC 2617C**..... 7/6/16
- Tax credits for investments in qualifying businesses and community-based seed capital
 funds, 42.22, 52.21, 58.11 Filed **ARC 2632C** 7/20/16
- Withholding—verified summary of payments report, electronic filing of W-2 and 1099
 forms, 46.3(3) Notice **ARC 2616C** 7/6/16
- Excise tax rate on motor fuels, 68.2(1) Notice **ARC 2619C** 7/6/16
- Inheritance tax, 86.2(1)“c,” 86.2(2)“d,” 86.5(11)“f” Filed **ARC 2633C**..... 7/20/16

VOLUNTEER SERVICE, IOWA COMMISSION ON[817]

- RefugeeRISE AmeriCorps program, ch 12 Notice **ARC 2613C**..... 7/6/16

WORKERS’ COMPENSATION DIVISION[876]

- WORKFORCE DEVELOPMENT DEPARTMENT[871]“umbrella”
 Payroll tax tables, 8.8 Filed Emergency **ARC 2611C** 7/6/16

ADMINISTRATIVE RULES REVIEW COMMITTEE MEMBERS

Regular, statutory meetings are held the second Tuesday of each month at the seat of government as provided in Iowa Code section 17A.8. A special meeting may be called by the Chair at any place in the state and at any time.

Senator Mark Chelgren
 819 Hutchinson
 Ottumwa, Iowa 52501

Representative Lisa Heddens
 2401 Westwind Drive
 Ames, Iowa 50010

Senator Mark Costello
 37265 Rains Avenue
 Imogene, Iowa 51645

Representative Megan Jones
 4470 Highway 71
 Sioux Rapids, Iowa 50585

Senator Thomas Courtney
 2609 Clearview
 Burlington, Iowa 52601

Representative Rick Olson
 3012 East 31st Court
 Des Moines, Iowa 50317

Senator Wally Horn
 101 Stoney Point Road, SW
 Cedar Rapids, Iowa 52404

Representative Dawn Pettengill
 P.O. Box A
 Mt. Auburn, Iowa 52313

Senator Pam Jochum
 2368 Jackson Street
 Dubuque, Iowa 52001

Representative Guy Vander Linden
 1610 Carbonado Road
 Oskaloosa, Iowa 52577

Jack Ewing
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 Des Moines, Iowa 50319
 Telephone (515)281-6048
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Colin Smith
Administrative Rules Coordinator
 Governor’s Ex Officio Representative
 Capitol, Room 18
 Des Moines, Iowa 50319
 Telephone (515)281-5211

EDUCATION DEPARTMENT[281]

Open enrollment, 17.3, 17.8(2), 17.10(1), 17.12 IAB 7/6/16 ARC 2609C	State Board Room, Second Floor Grimes State Office Bldg. Des Moines, Iowa	July 26, 2016 11 a.m. to 12 noon
Extracurricular interscholastic competition—open enrollment, 36.15(4), 36.16 IAB 7/6/16 ARC 2608C	State Board Room, Second Floor Grimes State Office Bldg. Des Moines, Iowa	July 26, 2016 1 to 2 p.m.
Individual career and academic plan, ch 49 IAB 7/20/16 ARC 2627C (See also ARC 2620C herein)	State Board Room, Second Floor Grimes State Office Bldg. Des Moines, Iowa	August 9, 2016 10 to 11 a.m.

ENVIRONMENTAL PROTECTION COMMISSION[567]

Flood plains—construction criteria for bridges, embankments, culverts; permit requirements; waivers and variances; technical updates, amendments to chs 70 to 72 IAB 7/20/16 ARC 2629C	Conference Room 2 North Wallace State Office Bldg. Des Moines, Iowa	August 10, 2016 1 p.m.
Solid waste management and disposal, amendments to chs 100, 101, 111 IAB 7/20/16 ARC 2630C	Fifth Floor East Conference Room Wallace State Office Bldg. Des Moines, Iowa	August 9, 2016 1 p.m.

LABOR SERVICES DIVISION[875]

Federal occupational safety and health standards—adoption by reference, 4.3 IAB 7/6/16 ARC 2615C	Capitol View Room 1000 E. Grand Ave. Des Moines, Iowa	August 2, 2016 2 p.m. (If requested)
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MEDICINE BOARD[653]

Hearing procedures—composition of hearing panel, 25.18(1) IAB 7/6/16 ARC 2610C	Board Office, Suite C 400 S.W. 8th St. Des Moines, Iowa	July 26, 2016 12 noon
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NATURAL RESOURCE COMMISSION[571]

Alcoholic liquor, beer, and wine ban at beaches in Lake Macbride State Park and Pleasant Creek State Recreation Area, 61.7(2) IAB 7/6/16 ARC 2612C	Fourth Floor Conference Room Wallace State Office Bldg. Des Moines, Iowa	July 26, 2016 2 p.m.
	Palisades-Kepler State Park Lodge 700 Kepler Dr. Mount Vernon, Iowa	July 26, 2016 4 p.m.

PUBLIC HEALTH DEPARTMENT[641]

Board-certified behavior analyst and board-certified assistant behavior analyst (BCBA/BCaBA) grants program, ch 107 IAB 7/20/16 ARC 2621C (ICN Network)	Fourth Floor Conference Room 415 Lucas State Office Bldg. Des Moines, Iowa <i>To participate by conference call:</i> Dial 1-866-685-1580 Conference Code: 0008881777	August 17, 2016 1 to 3 p.m.
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UTILITIES DIVISION[199]

Telecommunications services, amendments to ch 22 IAB 6/8/16 ARC 2569C	Room 69, Board Hearing Room 1375 E. Court Ave. Des Moines, Iowa	August 9, 2016 9 a.m.
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VOLUNTEER SERVICE, IOWA COMMISSION ON[817]

RefugeeRISE AmeriCorps program, ch 12 IAB 7/6/16 ARC 2613C	Central First Floor Conference Room Economic Development Authority 200 E. Grand Ave. Des Moines, Iowa	July 26, 2016 10 a.m.
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The following list will be updated as changes occur.

“Umbrella” agencies and elected officials are set out below at the left-hand margin in CAPITAL letters.

Divisions (boards, commissions, etc.) are indented and set out in lowercase type under their statutory “umbrellas.”

Other autonomous agencies are included alphabetically in SMALL CAPITALS at the left-hand margin.

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ARC 2627C**EDUCATION DEPARTMENT[281]****Notice of Intended Action**

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)“b.”

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code section 256.7(5) and 2016 Iowa Acts, House File 2392, section 8, the State Board of Education hereby proposes to adopt new Chapter 49, “Individual Career and Academic Plan,” Iowa Administrative Code.

These rules establish that each student enrolled in grade eight shall have developed by the school district an individualized career and academic plan and that such a plan shall be reviewed and revised each succeeding year until the graduation of that student.

An agencywide waiver provision is provided in 281—Chapter 4.

Interested individuals may make written comments on the proposed rules until 4:30 p.m. on August 9, 2016. Comments on the proposed rules should be directed to Phil Wise, Iowa Department of Education, Grimes State Office Building, Second Floor, Des Moines, Iowa 50319-0146; telephone (515)281-4835; e-mail phil.wise@iowa.gov; or fax (515)242-5988.

A public hearing will be held on August 9, 2016, from 10 to 11 a.m. in the State Board Room, Grimes State Office Building, Second Floor, East 14th Street and Grand Avenue, Des Moines, Iowa, at which time persons may present their views either orally or in writing. Any persons who intend to attend the public hearing and have special requirements, such as those related to hearing or mobility impairments, should advise the Department of Education of their specific needs by calling (515)281-5295.

These rules were also Adopted and Filed Emergency and are published herein as **ARC 2620C**. The purpose of this Notice is to solicit public comment on that submission. The content of that submission is incorporated herein by reference.

After analysis and review of this rule making, no impact on jobs has been found.

This amendment is intended to implement Iowa Code section 279.61 as amended by 2016 Iowa Acts, House File 2392, section 8.

ARC 2629C**ENVIRONMENTAL PROTECTION COMMISSION[567]****Notice of Intended Action**

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)“b.”

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code section 455B.263, the Environmental Protection Commission (Commission) hereby gives Notice of Intended Action to amend Chapter 70, “Scope of Title—Definitions—Forms—Rules of Practice,” Chapter 71, “Flood Plain or Floodway Development—When Approval Is Required,” and Chapter 72, “Criteria for Approval,” Iowa Administrative Code.

The proposed amendments will change the criteria for the construction of bridges, road embankments, and culverts in a flood plain. Oftentimes, to construct bridges and other structures in a flood plain, the Iowa Department of Transportation (IDOT) and other contractors have had to apply for waivers or variances from the Commission’s rules, a process which could be time-consuming and costly. In response

ENVIRONMENTAL PROTECTION COMMISSION[567](cont'd)

to this concern, the Commission has reviewed its rules and determined that certain portions of existing rules are redundant or unnecessary, and changes could be made that would allow for a higher percentage of compliance with rules. The proposed amendments will reduce the need for these contractors to seek waivers and variances. Equally important, the amendments will not sacrifice public safety.

The proposed amendments also add exemptions to the Commission's flood plain development permit requirements for certain activities, such as excavations installed for conservation practices, and for the installation of signs, utility poles and other similar structures. The Commission developed these exemptions in cooperation with stakeholders such as electric utilities and the Natural Resources Conservation Service (NRCS).

The proposed amendments also modify the waiver and variance provision in the flood plain rules so that the provision is consistent with the Iowa Code. The amendments also make minor changes to Chapters 70, 71 and 72 to update definitions, references to Iowa Code sections, forms, and agency contact information.

Any interested person may submit written comments on the proposed amendments on or before Wednesday, August 10, 2016. Written comments or questions regarding the proposed amendments should be directed to Ken Bouma, Iowa Department of Natural Resources, 502 East Ninth Street, Des Moines, Iowa 50319-0034; via fax at (515)725-8202; or via e-mail at ken.bouma@dnr.iowa.gov.

A public hearing will be held on August 10, 2016, at 1 p.m. in Conference Room 2 North of the Wallace State Office Building, 502 East Ninth Street, Des Moines, Iowa. Persons attending the public hearing may present their views either orally or in writing. At the hearing, persons will be asked to give their names and addresses for the record and to confine their remarks to the subject of the proposed amendments.

Any persons who intend to attend the public hearing and have special requirements, such as those related to mobility or hearing impairments, should contact the Department to advise of specific needs.

After analysis and review of this rule making, no impact on jobs has been found.

On balance, the above-discussed amendments reduce the regulatory burden for the regulated community. This is done by rescinding or changing certain flood plain development criteria, providing more exemptions from flood plain development permit requirements, and clarifying how to properly obtain a waiver or variance from applicable rules.

These amendments are intended to implement Iowa Code section 455B.264.

The following amendments are proposed.

ITEM 1. Amend the following definitions in rule ~~567—70.2(455B,481A)~~:

“Animal feeding operation” means the same as defined in ~~567—65.1(455B 459,459B)~~.

“Animal feeding operation structure;” means the same as defined in 567—65.1(455B 459,459B); ~~means a confinement building, manure storage structure, or egg washwater storage structure.~~

“Confinement feeding operation;” means the same as defined in 567—65.1(455B 459,459B); ~~means an animal feeding operation in which animals are confined to areas which are totally roofed.~~

“Confinement feeding operation building” or *“confinement building;”* means the same as defined in 567—65.1(455B 459,459B); ~~means a building used in conjunction with a confinement feeding operation to house animals.~~

“Confinement feeding operation structure;” means the same as defined in 567—65.1(455B 459,459B); ~~means an animal feeding operation structure that is part of a confinement feeding operation.~~

“High damage potential” means the flood damage potential associated with ~~habitable residential buildings or industrial, commercial, or public buildings or building complexes of which flooding would result in high public damages as determined by the department.~~ the following:

1. Habitable residential buildings and building complexes which include seasonal residential buildings; or

2. Industrial, commercial, agricultural, recreational and other similar buildings or building complexes constructed of materials or containing high-value equipment or contents that are not easily removed and would be damaged if inundated by flooding; or

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3. Public buildings or building complexes, which, if inundated by flooding, would result in high public damages as determined by the department.

“Low damage potential” means all buildings, building complexes or flood plain use uses not defined as maximum, or high, or moderate damage potential where such structures are designed in a manner that inundation by flood waters results in minimal damage to the structure and its contents. Such structures include but are not limited to the following: detached residential garages, sheds, park shelters, buildings used for temporary storage of equipment or crops, and buildings used as temporary shelter for livestock.

“Major water source;” means the same as defined in 567—65.1(455B 459,459B), means a water source that is a lake, reservoir, river or stream located within the territorial limits of the state, or any marginal river area adjacent to the state, if the water source is capable of supporting a floating vessel capable of carrying one or more persons during a total of a six-month period in one out of ten years, excluding periods of flooding. Major water sources in the state are listed in Appendix B, Table 1 and Table 2 of 567—Chapter 65.

“Manure storage structure;” means the same as defined in 567—65.1(455B 459,459B); means a formed manure storage structure or an unformed manure storage structure, as defined in 567—65.1(455B). A manure storage structure does not include an egg washwater storage structure.

“Water source;” means the same as defined in 567—65.1(455B 459,459B), means any lake, river, creek, ditch or other body of water or channel having definite banks and bed with visible evidence of the flow or occurrence of water, except such lakes or ponds without outlet to which only one landowner is riparian.

ITEM 2. Rescind the definition of “Moderate damage potential” in rule **567—70.2(455B,481A)**.

ITEM 3. Rescind rule 567—70.3(17A,455B,481A) and adopt the following **new** rule in lieu thereof:

567—70.3(17A,455B,481A) Forms. Any private or public person or agency desiring to secure a permit under this chapter shall file a properly completed application, DNR Form 36. For application and supplemental forms, any private or public person or agency should see <http://www.iowadnr.gov/Environmental-Protection/Land-Quality/Flood-Plain-Management>.

Application forms may also be obtained from:

Flood Plain and Dam Safety Section
Iowa Department of Natural Resources
Henry A. Wallace Building
502 East Ninth Street
Des Moines, Iowa 50319

ITEM 4. Amend subrule 70.4(2) as follows:

70.4(2) Applying for a flood plain development permit. Application for a flood plain development permit shall be made on DNR Form 36 or a reasonable facsimile thereof. The application shall be submitted by or on behalf of the person or persons who have or will have responsibility by reason of ownership, lease, or easement for the property on which the project site is located. The application must be signed by the applicant or a duly authorized agent. Completed applications along with supporting information shall be mailed or otherwise delivered to the Flood Plain ~~Management and Dam Safety~~ Section, Environmental ~~Protection~~ Services Division, Iowa Department of Natural Resources, Wallace State Office Building, 502 East Ninth Street, Des Moines, Iowa 50319.

ITEM 5. Amend paragraph **70.4(3)“a”** as follows:

a. *General requirement of certified plans.* An application shall not be considered complete until sufficient engineering plans have been submitted to enable the department to determine whether the project as proposed satisfies applicable criteria. The engineering plans shall contain information, as specified by the department, which is needed for the department to conduct a technical review pursuant to paragraph 70.5(3)“b.” The engineering plans shall include specifications, operation procedures and other information relating to environmental impacts. The engineering plans and other engineering information shall be certified by a ~~registered~~ licensed professional engineer or, if applicable, a ~~registered~~ licensed

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land surveyor, as required by Iowa Code chapter 542B. Duplicate copies of certified plans are required so that one copy can be returned to the applicant upon approval or disapproval of the application. An additional copy of the certified plans shall be required if the plans are incorporated as part of an approval or disapproval order which is filed with a county recorder.

ITEM 6. Amend **567—Chapter 71**, preamble, as follows:

PREAMBLE: This chapter ~~of these rules~~ contains administrative thresholds which implement the statutory requirement that approval from the department be obtained for any development including construction, maintenance and use of a structure, dam, obstruction, deposit, excavation or “flood control work” on a flood plain or floodway. These administrative thresholds are organized into categories such as “channel changes,” “levees or dikes,” “buildings,” etc. Any doubt concerning whether a project or activity requires approval under these thresholds should be resolved by ~~requesting~~ requesting a request for advice from the department.

The department may delegate regulatory authority to a local government by approving local flood plain regulations (see 567—Chapter 75). To determine whether the department has delegated regulatory authority over a specific category of project at a specific location, an inquiry should be made to:

State Coordinator
National Flood Insurance Program
Iowa Department of Natural Resources
Wallace State Office Building
Des Moines, Iowa 50319
Telephone: (515)~~281-8690~~ 725-8200

ITEM 7. Adopt the following new paragraph **71.11(1)“e”**:

e. Excavations for conservation practices installed to meet or exceed the standards of the USDA Natural Resources Conservation Service (NRCS) Field Office Technical Guide are exempt if all of the following criteria are met:

- (1) The resulting spoil is removed from the flood plain;
- (2) The practices do not reduce the capacity of the flood plain; and
- (3) The practices will not result in water being temporarily or permanently stored above the natural ground line.

These standards may be accessed through the electronic Field Office Technical Guide at <https://efotg.sc.egov.usda.gov/>. They are also available in hard copy at the USDA NRCS office that serves the area where the practice will be implemented.

ITEM 8. Adopt the following new subrule 71.12(3):

71.12(3) Exemptions. For purposes of this rule, the following project types do not require approval by the department:

- a.* Signs, navigational markers, and aids that have been placed by a public agency to serve the public;
- b.* In-kind replacement of existing utility poles, including H-frame structures that are installed as part of routine maintenance or an emergency;
- c.* New utility poles, including H-frame structures, that fall below the thresholds set forth in 71.12(1) and 71.12(2).

ITEM 9. Amend **567—Chapter 72**, preamble, as follows:

~~This division of these rules establishes~~ The rules within this chapter establish administrative criteria which implement certain statutory criteria, policies, and principles in Iowa Code sections 455B.262, 455B.264, 455B.275 and 455B.277. The specific requirements in these rules must be met for approval of a project or activity in a flood plain or floodway. Additionally, the project or activity must satisfy all of the statutory criteria which Iowa Code sections 455B.262, 455B.264, 455B.275 and 455B.277 require the department to consider. Where a project or activity will result in effects which the department must by statute consider but which are not governed specifically by these rules, the department shall review such effects on a case-by-case basis to determine whether the project or activity meets the statutory criteria.

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ITEM 10. Amend rule 567—72.1(455B) as follows:

567—72.1(455B) Bridges and road embankments. The following criteria shall apply to the construction, operation, and maintenance of bridges and road embankments.

72.1(1) Bridges and road embankments affecting low damage potential areas. For bridges and road embankments affecting floodway or flood plain areas having a low flood damage potential, the following criteria will apply:

~~a. Backwater Q50.~~ The maximum allowable backwater for Q50 and lesser floods is limited to 0.75 foot.

~~b. a. Backwater Q100.~~ The maximum allowable backwater for Q100 is limited to 1.5 feet.

~~e. b. Freeboard.~~ The minimum freeboard for low superstructure horizontal bridge members above Q50 is 3 feet unless a licensed engineer provides certification that the bridge is designed to withstand the applicable effects of ice and the horizontal stream loads and uplift forces associated with the Q100.

~~72.1(2) Bridges and road embankments affecting moderate damage potential areas.~~ For bridges and road embankments affecting floodway or flood plain areas occupied by buildings or building complexes having a moderate flood damage potential, the following criteria will apply:

~~a. The maximum allowable backwater for Q100 is limited to 1.0 foot.~~

~~b. The criteria specified in 72.1(1) "a" and "e."~~

~~72.1(3) 72.1(2) Bridges and road embankments affecting high or maximum damage potential development.~~ For bridges and road embankments affecting floodway or flood plain areas occupied by buildings or building complexes having a high or maximum flood damage potential, the following criteria will apply:

~~a. Backwater Q100.~~ Backwater effects are to be minimized for all stages which affect maximum or high flood damage potential buildings or building complexes or for all stages which would tend to reduce the level of protection of certain flood control works, unless acceptable remedial measures are provided or such buildings are removed or the uses relating to human occupancy are prohibited.

~~(1) The maximum allowable Q100 backwater for new bridges and road embankments is 1.0 foot.~~

~~(2) The maximum allowable Q100 backwater for replacement bridges and roadway embankments is the lesser of the following: Q100 backwater for the existing bridge and road embankment or 1.0 foot.~~

~~(3) For a new bridge and road embankment located within a stream reach for which the Federal Emergency Management Agency has published a detailed Flood Insurance Study which includes a floodway, the backwater for Q100 shall not exceed the surcharge associated with the delineation for the floodway at that location.~~

~~(4) In no case shall the Q100 backwater effects of a bridge or road embankment reduce the existing level of protection provided by certain flood control works, unless equivalent remedial measures are provided.~~

~~b. Freeboard.~~ In no case shall the criteria specified in 72.1(1) "a" and "e" and 72.1(2) "a" be exceeded. The minimum freeboard for low superstructure horizontal bridge members above Q50 is 3 feet unless a licensed engineer provides certification that the bridge is designed to withstand the applicable effects of ice and the horizontal stream loads and uplift forces associated with the Q100.

~~72.1(4) 72.1(3) Bridge and channel change.~~ For bridges and culverts involving channel changes on the floodway of any stream draining at the location of the channel change between 10 and 100 square miles whereby either (i) more than a 500-foot length of the existing channel is being altered or (ii) the length of existing channel being altered is reduced by more than 25 percent, the maximum allowable backwater shall correspond to the limits permitted in 72.1(1), 72.1(2), ~~72.1(3)~~ or ~~72.1(5)~~ 72.1(4) depending upon the associated damage potential.

~~72.1(5) 72.1(4) Culverts.~~ The maximum allowable backwater at culvert inlets shall correspond to the limits permitted in 72.1(1); ~~or 72.1(2); or 72.1(3)~~ depending upon the damage potential associated with the affected area. In the case of replacement culverts, the backwater shall not exceed that created by the culvert or waterway crossing being replaced or that specified in 72.1(1); ~~or 72.1(2); or 72.1(3)~~ depending upon the associated damage potential, whichever is greater.

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~~72.1(6)~~ **72.1(5)** *Road embankments.* The criteria listed in 567—72.11(455B) for miscellaneous flood plain construction projects shall apply to road embankments located on the flood plain but not crossing any stream or river channel.

~~72.1(7)~~ **72.1(6)** *Temporary channel obstructions.* Temporary stream crossings and other temporary obstructions usually constructed, operated, and maintained during the construction phase of another flood plain construction project shall meet the following criteria:

a. Low flow. Said structures will provide for the passage of the prevailing flow in the stream or river.

b. Flood flow. Said structure shall be designed to fail or otherwise operate in the event of flooding so as to prevent premature overbank flow, or meet the backwater criteria indicated in 72.1(1); ~~or 72.1(2); or 72.1(3).~~

~~72.1(8)~~ **72.1(7)** *Emergency.* Repairs or temporary construction required to maintain the operation of a bridge, roadgrade or culverts in time of emergency need not be submitted for prior department approval. Plans of such emergency or temporary construction shall be submitted to the department for review after the event causing the emergency has passed.

ITEM 11. Amend subrule 72.5(1) as follows:

72.5(1) Minimum protection levels. The minimum level of flood protection for a building depends on the damage potential of the building and contents. “Maximum;” and “high” and “~~moderate~~” damage potential classifications are defined in 567—Chapter 70. Criteria for determining minimum levels of protection are as follows:

a. Buildings with maximum damage potential shall be protected to the level of a flood equivalent to Q500 plus 1 foot. Determination of the elevation of the department regional flood is recommended as an alternative to establish an appropriate level of protection for a building which has maximum damage potential (see discussion of flood frequencies and magnitudes in 567—subrule 75.2(1)).

b. Buildings with high damage potential shall be protected to the level of a flood equivalent to Q100 plus 1 foot.

~~*c.* Buildings with moderate damage potential shall be protected to the level of a flood equivalent to Q50.~~

~~*c.*~~ Buildings adjacent to an impoundment shall be protected to the elevation of the top of the dam unless the dam has adequate spillway capacity to discharge the flood corresponding to the damage potential of the building at an elevation below the top of the dam.

~~*e.*~~ *d.* Buildings downstream from a dam shall be protected to a level established by the department after due consideration of the hazards posed by the dam for buildings downstream.

ITEM 12. Rescind rule 567—72.31(455B) and adopt the following **new** rule in lieu thereof:

567—72.31(455B) Variance. A request for a waiver or variance to this chapter shall be submitted in writing pursuant to 561—Chapter 10. The contents of a petition for waiver or variance shall include information pursuant to 561—10.9(17A,455A).

ARC 2630C**ENVIRONMENTAL PROTECTION COMMISSION[567]****Notice of Intended Action**

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)“b.”

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code sections 455B.304(1) and 455D.7, the Environmental Protection Commission (Commission) hereby gives Notice of Intended Action to amend Chapter 100,

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“Scope of Title—Definitions—Forms—Rules of Practice,” Chapter 101, “Solid Waste Comprehensive Planning Requirements,” and Chapter 111, “Annual Reports of Solid Waste Environmental Management Systems,” Iowa Administrative Code.

This rule making reflects legislative changes to the Iowa Code and encompasses the comprehensive five-year review of rules that the Department of Natural Resources (Department) is currently conducting pursuant to Iowa Code section 17A.7(2). This proposed rule making will eliminate inconsistencies with the Iowa Code, remove redundant reporting requirements, eliminate unnecessary and obsolete language and make corrections to Iowa Code references, thus simplifying the rules of the Commission and making them easier to use and understand.

The proposed amendments will:

- Move certain definitions from Chapter 101 to Chapter 100.
- Make minor corrections to Chapter 101 for consistency with the applicable state statutes.
- Rescind rule 567—101.3(455B,455D) pertaining to the state’s waste management hierarchy and replace all references to rule 567—101.3(455B,455D) with references to Iowa Code section 455B.301A.
- Amend rules 567—101.6(455B,455D) and 567—101.7(455B,455D) and rescind subrule 101.13(8) to reflect recent legislative changes to Iowa Code section 455D.3 regarding required solid waste management techniques for planning areas that fall below the 25 percent waste volume reduction goal. See 2013 Iowa Acts, House File 225, signed by Governor Branstad on March 28, 2013.
- Remove the waiver in subrule 101.7(3) that exempts from the state tonnage fee waste generated during a declared disaster. The Iowa Code does not give the Department the authority to issue this waiver.
- Rescind rules 567—101.10(455B,455D) and 567—101.11(455B,455D), which, in effect, will remove the requirement for local governments to complete the Municipal Solid Waste and Recycling Survey and accompanying forms.
- Adopt new paragraph 101.13(2)“k” in order to recognize that annual reporting efforts of planning areas and service areas that are designated as Environmental Management Systems (EMS) under Iowa Code chapter 455J meet the comprehensive plan update requirements in subrule 101.13(2).
- Adopt an updated definition of “comprehensive plan update” to reflect the 2009 amendments to Chapter 101, such that in the definition of “planning cycle,” the length of time between the due date of each comprehensive plan was extended from three years to five years. The current definition of “comprehensive plan update” requires planning agencies to incorporate a proposed course of action for the “next two planning cycles” (10 years), which has proven to be too long to allow for accurate planning. As such, the new definition requires the “comprehensive plan update” to address only the next planning cycle (5 years). Additional revisions have been incorporated throughout the proposed amendments to meet this objective.

Any interested person may make written suggestions or comments on the proposed amendments until 4:30 p.m. on August 9, 2016. Such written materials should be directed to Leslie Goldsmith, Iowa Department of Natural Resources, Wallace State Office Building, 502 East Ninth Street, Des Moines, Iowa 50319-0034; fax (515)725-8200; or by e-mail to Leslie.Goldsmith@dnr.iowa.gov. Persons who have questions may contact Leslie Goldsmith by e-mail or at (515)725-8319.

A public hearing will be held on August 9, 2016, at 1 p.m. in the Fifth Floor East Conference Room of the Wallace State Office Building, 502 East Ninth Street, Des Moines, Iowa. Persons attending the public hearing may present their views either orally or in writing. At the hearing, persons will be asked to give their names and addresses for the record and to confine their remarks to the proposed rule making.

Any persons who plan to attend the public hearing and have special requirements, such as those related to hearing or mobility impairments, should contact the Department and advise of specific needs.

After analysis and review of this rule making, no impact on jobs has been found. The proposed amendments are expected to result in cost savings for local governments due to decreasing redundant reporting obligations, decreasing requirements for duplicating comprehensive plan revisions, and potentially decreasing certain prescriptive waste management practices for certain planning areas.

These amendments are intended to implement Iowa Code sections 455B.301A, 455B.302, 455B.306, 455B.310 and 455D.3.

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The following amendments are proposed.

ITEM 1. Adopt the following **new** definitions in rule **567—100.2(455B,455D)**:

“Comprehensive plan” means a course of action developed and established cooperatively between cities, counties and municipal solid waste sanitary disposal projects regarding their chosen integrated solid waste management system, its participants, waste reduction strategies, and disposal methods.

“Comprehensive plan amendment” means a notification, filed between comprehensive plan updates, that the planning agency seeks to change the participation or change the designated disposal project(s) as set out in the most recent approved comprehensive plan submittal.

“Comprehensive plan update” means a planning document that provides status reports on the integrated solid waste management system and that describes revision to the information and evaluation of the integrated solid waste management system and the proposed course of action for the next planning cycle.

“Consumer price index” means the measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. For the purpose of this title, consumer price index refers to All Urban Consumers (CPI-U), All Items, as published by the U.S. Bureau of Labor Statistics.

“Contaminated soil” means soil that contains any harmful constituent in a concentration that may harm human health.

“Fiscal year” means the state fiscal year from July 1 through June 30.

“Initial comprehensive plan” means a first or new comprehensive plan filed with the department pursuant to the provisions of Iowa Code section 455B.306.

“Integrated solid waste management” means any solid waste management system which is focused on planned development of programs and facilities that reduce waste volume and toxicity, recycle marketable materials and provide for safe disposal of any residuals.

“Municipal solid waste sanitary disposal project” means all facilities and appurtenances, including all real and personal property connected with such facilities, which are acquired, purchased, constructed, reconstructed, equipped, improved, extended, maintained, or operated to facilitate the final disposition of household waste without creating a significant hazard to the public health or safety. A municipal solid waste sanitary disposal project also may receive other types of Resource Conservation and Recovery Act (RCRA) Subtitle D wastes, such as construction and demolition debris and commercial and industrial solid waste.

“Planning agency” means the designated contact agency on file with the department.

“Planning cycle” means the length of time between the due date for each comprehensive plan update submittal as approved by the department, which shall be five years effective March 1, 2011.

“Plan participants” means any individual, group, government or private entity that has direct involvement in an integrated solid waste management system.

“Service area” means an area served by a specific municipal solid waste sanitary disposal project defined in terms of the jurisdictions of the local governments using the facility. A planning area may include more than one service area. This definition does not apply to 567—Chapter 111.

ITEM 2. Amend rule **567—100.2(455B,455D)**, definitions of “Planning area” and “Solid waste,” as follows:

“Planning area” means ~~the localities and facilities involved in any aspect of the sanitary disposal project(s) management of waste, including out-of-state localities and facilities, if applicable~~ the combined jurisdiction of the local governments and the designated municipal solid waste sanitary disposal project(s) involved in a comprehensive plan. A planning area may include one or more municipal solid waste sanitary disposal projects.

“Solid waste” ~~is defined~~ has the same meaning as found in Iowa Code section 455B.301. Pursuant to Iowa Code section 455B.301(23)“b,” the commission has determined that solid waste includes those wastes exempted from federal hazardous waste regulation pursuant to 40 CFR 261.4(b) as amended through [effective date of these amendments], except to the extent that any such exempted substances

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are liquid wastes or wastewater. This definition applies to all chapters within Title VIII. To the extent that there is a conflict, this definition controls.

ITEM 3. Rescind rule 567—101.2(455B,455D) and adopt the following **new** rule in lieu thereof:

567—101.2(455B,455D) Definitions. For the purposes of this chapter, the definitions found in 567—100.2(455B,455D) shall apply.

ITEM 4. Rescind and reserve rule **567—101.3(455B,455D)**.

ITEM 5. Amend rule 567—101.4(455B,455D) as follows:

567—101.4(455B,455D) Duties of cities and counties. Every city and county of this state shall, for the solid waste generated within the jurisdiction of its political subdivision, provide for the establishment and operation of an integrated solid waste management system consistent with the waste management hierarchy under ~~rule 567—101.3(455B,455D)~~ Iowa Code section 455B.301A and designed to meet the state's waste reduction and recycling goals. Integrated systems and municipal solid waste sanitary disposal projects may be established separately or through cooperative efforts, including Iowa Code chapter 28E agreements as provided by law.

101.4(1) To meet these responsibilities, cities and counties may execute, with public and private agencies, contracts, leases, or other necessary instruments, purchase land and do all things necessary not prohibited by law for the implementation of waste management programs, collection of solid waste, establishment and operation of municipal solid waste sanitary disposal projects, and general administration of the same.

101.4(2) If a ~~city or county facility planning agency~~ refuses any particular solid waste type for management or disposal, the ~~city or county facility planning agency~~ must identify another ~~waste management facility~~ municipal solid waste sanitary disposal project for that waste within the planning area. ~~In the case of special waste, if~~ If no other waste management facility for that waste type municipal solid waste sanitary disposal project exists within the planning area, the ~~city or county planning agency~~ must, in cooperation with the waste generator, establish or arrange for access to another ~~waste management facility~~ municipal solid waste sanitary disposal project. Municipal solid waste sanitary disposal projects are required to maintain written approval from both the department and the planning agency in the planning area of origin in order to accept any Iowa-generated waste from outside the planning area.

101.4(3) All cities and counties or Iowa Code chapter 28E agencies established for the purpose of managing solid waste or implementing integrated solid waste management systems, or both, on behalf of cities and counties shall demonstrate compliance with the provisions of this chapter by their participation in a comprehensive plan approved by the department.

ITEM 6. Amend rule 567—101.6(455B,455D) as follows:

567—101.6(455B,455D) State volume reduction and recycling goals. The goal of the state is to reduce the amount of materials in the waste stream, existing as of the July 1, 1988, ~~baseline, 25 percent by July 1, 1994, and 50 percent by July 1, 2000~~ by an intermediate goal of 25 percent, and by a final goal of at least 50 percent, through the practice of waste volume reduction at the source and through recycling. The updated goal progress calculations provided by the department for each planning area shall be used by the department in reporting to the general assembly on the state's progress toward meeting the 25 and 50 percent goals. ~~If at any time the department notifies the planning agency in writing that the planning area has failed to meet the 25 percent waste volume reduction and recycling goal, at a minimum, the solid waste management techniques listed in Iowa Code section 455D.3(4) and subrule 101.13(8) must be implemented throughout the planning area.~~ The specific methodology for determining goal progress is outlined in rule 567—101.7(455B,455D).

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ITEM 7. Amend rule 567—101.7(455B,455D), introductory paragraph, as follows:

567—101.7(455B,455D) Base year adjustment method. Planning agencies may request that the department complete a goal progress recalculation once per fiscal year to resolve any discrepancies and to further evaluate progress toward the state's waste volume reduction and recycling goals. At the time of approval of a comprehensive plan or comprehensive plan update, the department will use the most current complete fiscal year data set available to complete goal progress calculations, which will be used to meet the requirements outlined in ~~subrule 101.13(8) and~~ rule 567—101.14(455B,455D).

ITEM 8. Amend subrule 101.7(3) as follows:

101.7(3) Waste generated as part of an exceptional event or contaminated soils removed as part of a brownfield or contaminated site cleanup should not negatively affect a planning area's goal progress calculation.

a. Exceptional events include, but are not limited to, such unforeseen disasters as storms, fires, floods, tornadoes, or train wrecks. Exceptional events do not include economic development, derelict housing removal, or other planned activities/demolitions. Written requests to exempt exceptional event debris from goal progress calculations shall be made to the department on the required Quarterly Solid Waste Fee Schedule and Retained Fees Report, DNR Form 542-3276.

Requests for goal progress calculation exemptions must be made within six months after initial disposal of the debris. The determination to exempt ~~exceptional event~~ exceptional-event debris from goal progress calculations shall be made solely by the department and shall not be made independently by individual municipal solid waste sanitary disposal projects or planning agencies. ~~Municipal solid waste sanitary disposal projects required to remit tonnage fees shall continue to pay solid waste tonnage fees until written notification of fee exemption is received, at which time any applicable fee credit shall be granted by the department.~~ Upon review of the request, the department will notify the municipal solid waste sanitary disposal project and planning agency of the determination in writing or request further documentation.

(1) No change.

(2) Additional documentation to verify the exceptional event and the debris it generated may be requested by the department. Failure to submit requested documentation may result in denial of the goal progress calculation ~~or solid waste tonnage fee exemption request(s), including any fee credits authorized by the department.~~ Documentation may include:

1. to 7. No change.

b. ~~If the governor of the state of Iowa declares a city or county a disaster area as a result of an exceptional event, the municipal solid waste sanitary disposal project or planning agency may request that the debris be exempt from solid waste tonnage fees. A request to waive tonnage fees must be submitted in writing on the facility's or planning agency's letterhead prior to or in the same submittal as the Quarterly Solid Waste Fee Schedule and Retained Fees Report, DNR Form 542-3276. Requests to waive tonnage fees, as provided for in this rule, must be made within 6 months after the initial disposal of the debris. A copy of the proclamation of disaster emergency declared by the governor of the state of Iowa is required in order for approval of tonnage fee exemptions. Any continuing documentation shall be submitted with each Quarterly Solid Waste Fee Schedule and Retained Fees Report, DNR Form 542-3276, within the length of time authorized by the department. Solid waste disposed of outside the window of time authorized by the department shall not be eligible for exemption. To be eligible for an exemption, all exceptional event waste must be disposed of within the following time lines:~~

~~(1) For debris clearance and emergency protective measures, as defined by FEMA guidelines, 6 months from the end of the exceptional event.~~

~~(2) For permanent repair work, as defined by FEMA guidelines, 18 months from the end of the exceptional event.~~

~~Upon written request, with supporting rationale, extensions to these time lines may be granted solely by the department on a case-by-case basis.~~

e. b. Contaminated soils removed as part of a brownfield or contaminated site cleanup should not negatively affect a planning area's goal progress calculation. If the contaminated soil is to be disposed of

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in a municipal solid waste sanitary disposal project, the municipal solid waste sanitary disposal project or planning agency must request the goal progress exemption in writing, in accordance with the procedures outlined in this rule. Written requests to exempt contaminated soil from goal progress calculations shall be made to the department on the Quarterly Solid Waste Fee Schedule and Retained Fees Report, DNR Form 542-3276. Requests for goal progress exemptions must be made within ~~6~~ six months after initial disposal of the contaminated soil.

The determination to exempt contaminated soil from goal progress calculations shall be made solely by the department and shall not be made independently by individual municipal solid waste sanitary disposal projects or planning agencies. The department shall notify the municipal solid waste sanitary disposal project or planning agency in writing of the determination or shall request further clarification to make an exemption decision. Failure to submit additional information requested by the department regarding the request to exempt contaminated soil may result in a denial of the goal progress calculation exemption request. Contaminated soil occurrences not eligible for goal progress exemption include, but are not limited to, illegal municipal solid waste disposal sites and contaminated soils formed for the sole purpose of requesting goal progress exemption. Exemption requests shall include, at a minimum, the following:

(1) to (10) No change.

ITEM 9. Amend rule 567—101.8(455B,455D) as follows:

567—101.8(455B,455D) Submittal of initial comprehensive plans and comprehensive plan updates. Initial comprehensive plans and comprehensive plan updates filed with the department must include a signed electronic submission certificate, ~~which can be printed when all online forms have been submitted to the department for review. When hard copy portions of the initial comprehensive plan or comprehensive plan update are submitted to the department, only one original copy is necessary. Initial comprehensive plans and comprehensive plan updates are required to be double-sided and cannot be submitted in three-ring binders.~~ Comprehensive plan updates shall be submitted in accordance with the schedule, as and instructions provided by the department 12 months prior to the due date of the first comprehensive plan update for each planning cycle. ~~Planning agencies are not required to submit hard copies of the online forms for comprehensive plan updates.~~

ITEM 10. Rescind and reserve rule **567—101.10(455B,455D)**.

ITEM 11. Rescind and reserve rule **567—101.11(455B,455D)**.

ITEM 12. Amend paragraph **101.13(1)“g”** as follows:

g. A description of the current waste composition and waste generation rates and a projection of waste composition and waste generation rates ~~spanning two planning cycles~~ during the next planning cycle. This description should include the effects of anticipated planning area modifications on waste generation and composition in the future. These factors may include economic changes, population changes, loss or addition of communities to the planning area, and any other modification expected to affect the amount of waste generated.

ITEM 13. Amend subparagraph **101.13(1)“h”(3)** as follows:

(3) A detailed narrative of all other existing waste management programs in the planning area that addresses all components of the state’s waste management hierarchy. This narrative must include specific methodologies for the separation of glass, paper, plastic and metal. For each specific waste management program, the following shall be included:

1. to 5. No change.

6. The anticipated impact on the waste stream and diversion ~~over at least two planning cycles~~ during the next planning cycle.

ITEM 14. Amend paragraph **101.13(1)“k,”** introductory paragraph, as follows:

k. A specific plan and schedule ~~spanning two planning cycles~~ for implementing the initial comprehensive plan during the next planning cycle. Items that shall be addressed include:

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ITEM 15. Amend subparagraph **101.13(2)“g”(3)** as follows:

(3) A detailed narrative of all waste management programs implemented since the last approved comprehensive plan or comprehensive plan update that addresses all components of the state’s waste management hierarchy. For each specific waste management program implemented since the last approved comprehensive plan or comprehensive plan update, the following shall be included:

1. to 4. No change.

5. The anticipated impact on the waste stream and diversion ~~over at least two planning cycles during the next planning cycle.~~

ITEM 16. Amend paragraph **101.13(2)“h,”** introductory paragraph, as follows:

h. An evaluation of progress toward meeting the state’s waste volume reduction and recycling goals using the goal progress calculation provided by the department 12 months prior to the due date of the comprehensive plan update, if requested by the planning agency. This analysis may use any combination of the following methodologies:

ITEM 17. Amend paragraph **101.13(2)“j,”** introductory paragraph, as follows:

j. A specific plan and schedule ~~spanning two planning cycles~~ for implementing the comprehensive plan during the next planning cycle. Items that shall be addressed include:

ITEM 18. Adopt the following new paragraph **101.13(2)“k”**:

k. Annual reports submitted by planning agencies designated as environmental management systems, pursuant to Iowa Code section 455J.7, which satisfy the comprehensive plan update submittal requirements of this subrule.

ITEM 19. Rescind and reserve subrule **101.13(8).**

ITEM 20. Amend **567—Chapter 101,** implementation sentence, as follows:

These rules are intended to implement Iowa Code sections 455B.301A, 455B.302, 455B.306, 455B.310 and 455D.3.

ITEM 21. Amend rule **567—111.4(455J),** definition of “Planning area,” as follows:

“*Planning area*” means the same as defined in rule ~~567—101.2(455B,455D)~~ 567—100.2(455B,455D).

ARC 2621C**PUBLIC HEALTH DEPARTMENT[641]****Amended Notice of Intended Action**

Pursuant to the authority of Iowa Code section 135.181 as amended by 2016 Iowa Acts, House File 2460, sections 57 and 58, the Department of Public Health hereby gives Notice of Intended Action to adopt Chapter 107, “Board-Certified Behavior Analyst and Board-Certified Assistant Behavior Analyst (BCBA/BCaBA) Grants Program,” Iowa Administrative Code.

The proposed new chapter establishes rules to implement the board-certified behavior analyst and board-certified assistant behavior analyst grants program. The grants program provides grants to Iowa resident and nonresident applicants who are enrolled in a program to be eligible for board certification as a behavior analyst or assistant behavior analyst. The purpose of the program is to increase access to certified behavior analyst and certified behavior assistant analyst professionals. These rules were written in cooperation with the Department of Education and the Department of Human Services’ Autism Support Program.

Notice of Intended Action for the proposed chapter was published in the Iowa Administrative Bulletin as **ARC 2460C** on March 16, 2016. The Department received eight written comments as well as comments from eleven participants at a public hearing held on April 5, 2016. Additionally, Iowa Code section 135.181 was amended by 2016 Iowa Acts, House File 2460, sections 57 and 58. This Amended Notice of Intended Action reflects revisions made to the rules, including the addition of a

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new rule relating to reporting, in response to public comments received and to comply with 2016 Iowa Acts, House File 2460, sections 57 and 58.

Any interested person may make written comments or suggestions on these rules on or before August 9, 2016. Such written comments should be directed to Doreen Chamberlin, Department of Public Health, Lucas State Office Building, 321 East 12th Street, Des Moines, Iowa 50319; fax (515)242-6384. E-mail may be sent to doreen.chamberlin@idph.iowa.gov.

A public hearing is scheduled for August 17, 2016, from 1 to 3 p.m. in the Fourth Floor Conference Room 415, Lucas State Office Building, 321 East 12th Street, Des Moines, Iowa. Interested persons unable to attend in person may attend via conference call. The toll-free call-in number is 1-866-685-1580, and the conference code to enter when prompted is 0008881777. Persons may present their views either orally during the conference or in writing. At the hearing, persons will be asked to give their names and addresses for the record and to confine their remarks to the subject of the proposed rules.

Any persons who intend to attend the public hearing and have special requirements, such as those relating to hearing impairments, should contact the Department and advise of specific needs by Wednesday, August 10, 2016.

After analysis and review of this rule making, it is projected that these rules will positively impact employment opportunities for board-certified behavior analysts and board-certified assistant behavior analysts in Iowa and increase access for Iowans to these health care services. The Department of Education and the Department of Human Services' Autism Support Program have determined that there are insufficient numbers of board-certified behavior analysts and board-certified assistant behavior analysts to provide services to clients of the Autism Support Program and to the public. It is assumed that the establishment of this new program will provide health care agencies that are recruiting these practitioners opportunities to recruit behavior analysts after the analysts have completed their training and are certified. No formal estimates on the number of jobs are available.

These rules are intended to implement Iowa Code section 135.181 as amended by 2016 Iowa Acts, House File 2460, sections 57 and 58.

The following rules are proposed.

Adopt the following **new** 641—Chapter 107:

CHAPTER 107

BOARD-CERTIFIED BEHAVIOR ANALYST AND BOARD-CERTIFIED ASSISTANT BEHAVIOR ANALYST (BCBA/BCaBA) GRANTS PROGRAM

641—107.1(135) Scope and purpose. The board-certified behavior analyst and board-certified assistant behavior analyst (BCBA/BCaBA) grants program is established to increase access for Iowans to applied behavior analysis services by providing grants to Iowa resident and nonresident applicants who have been accepted for admission or are attending a university, a community college, or an accredited private institution, within or outside the state of Iowa; are enrolled in a program, offered at a physical location or online, that is accredited and meets coursework requirements to prepare the applicant to be eligible for board certification as a behavior analyst or assistant behavior analyst; and demonstrate financial need.

641—107.2(135) Definitions. For the purposes of these rules, the following definitions shall apply:

“Board-certified assistant behavior analyst” or *“BCaBA”* means a person who has a bachelor’s degree from an accredited university, has completed approved coursework as defined by the national Behavior Analyst Certification Board, has completed a defined period of supervised practical experience, and has passed the BCaBA examination.

“Board-certified behavior analyst” or *“BCBA”* means a person who has an acceptable graduate degree from an accredited university as defined by the national Behavior Analyst Certification Board, has completed acceptable graduate coursework in behavior analysis, has completed a defined period of supervised practical experience, and has passed the BCBA examination.

“Department” means the Iowa department of public health.

“Director” means the director of the Iowa department of public health.

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“Full-time enrollment” means the applicant is enrolled in a program to be eligible for board certification as a behavior analyst or assistant behavior analyst with the appropriate number of semester credit hours as defined by the educational institution.

“Nonresident” means a person who is not a resident.

“Part-time enrollment” means the applicant is enrolled in a program to be eligible for board certification as a behavior analyst or assistant behavior analyst with the appropriate number of semester credit hours as defined by the educational institution.

“Resident” means a natural person who physically resides in Iowa as the person’s principal and primary residence and who establishes evidence of such residency by providing the department with one of the following:

1. A valid Iowa driver’s license,
2. A valid Iowa nonoperator’s identification card,
3. A valid Iowa voter registration card,
4. A current Iowa vehicle registration certificate,
5. A utility bill,
6. A statement from a financial institution,
7. A residential lease agreement,
8. A check or pay stub from an employer,
9. A child’s school or child care enrollment documents,
10. Valid documentation establishing a filing for homestead or military tax exemption on property located in Iowa, or
11. Other valid documentation as deemed acceptable by the department to establish residency.

641—107.3(135) Eligibility criteria. To be eligible for a grant, the applicant shall:

107.3(1) Be an Iowa resident or nonresident.

107.3(2) Be accepted for admission to or be attending a university, a community college, or an accredited private institution, within or outside the state of Iowa, be enrolled in a program, offered at a physical location or online, that is accredited and meets coursework requirements to prepare the applicant to be eligible for board certification as a behavior analyst or assistant behavior analyst, and demonstrate financial need.

107.3(3) Have on file with the college student aid commission a current Free Application for Federal Student Aid (FAFSA) and Iowa Financial Aid Application or similar financial aid documentation from another state and submit documentation of financial need as described in the department’s request for proposal process.

107.3(4) Agree to practice in the state of Iowa for a period of time, not to exceed four years, as specified in the contract entered into between the applicant and the department at the time the grant is awarded.

107.3(5) Agree, as specified in the contract between the applicant and the department at the time the grant is awarded, that during the contract period, the applicant will assist in supervising an individual working toward board certification as a behavior analyst or assistant behavior analyst or to consult with schools and service providers that provide services and supports to individuals with autism.

641—107.4(135) Priority in grant awards. Priority in the awarding of a grant shall be given to resident applicants.

641—107.5(135) Amount of a grant. The department shall award funds based upon the amount set aside in the special fund, as identified in Iowa Code section 135.181 as amended by 2016 Iowa Acts, House File 2460, sections 57 and 58. Moneys appropriated to, and all other moneys specified for deposit in, the fund shall be dedicated to the board-certified behavior analyst and board-certified assistant behavior analyst (BCBA/BCaBA) grants program as established in Iowa Code section 135.181 as amended by 2016 Iowa Acts, House File 2460, sections 57 and 58. These rules shall be implemented only to the extent that funding is available. The amount of funding awarded to each applicant shall be based on the

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applicant's enrollment status (full-time enrollment or part-time enrollment), the number of applicants, and the total amount of available funds. The total amount of funds awarded to an individual applicant shall not exceed 50 percent of the total costs attributable to program tuition and fees, annually. Awarded grant funds will be payable to the student and prorated on the number of semesters or other terms of study to complete the program.

641—107.6(135) Use of funds. Funds awarded may be used to offset the costs attributable to tuition and fees for the accredited behavior analyst or assistant behavior analyst program.

641—107.7(135) Review process.

107.7(1) An applicant shall complete and submit an application to the program in the manner specified by the department. An applicant, if awarded a grant, shall enter into a contract with the department for up to a four-year period. The department shall follow requirements for competitive selection contained in 641—Chapter 176 in awarding these funds.

107.7(2) The department shall establish an application process for applicants eligible to receive funding. The application review process and review criteria for preference in awarding the grants shall be described in a request for proposals.

107.7(3) An applicant may appeal the denial of a properly submitted grant application. Appeals shall be governed by rule 641—176.8(135).

641—107.8(135) Reporting. The department shall submit a report to the governor and the general assembly by January 1, annually. The report shall include the number of applications received for the immediately preceding fiscal year; the number of applications approved; the total amount of funding awarded in grants in the immediately preceding fiscal year; the cost of administering the program in the immediately preceding fiscal year; and recommendations for any changes to the program.

These rules are intended to implement Iowa Code section 135.181 as amended by 2016 Iowa Acts, House File 2460, sections 57 and 58.

ARC 2634C

PUBLIC HEALTH DEPARTMENT[641]

Notice of Intended Action

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)“b.”

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code sections 142C.15 and 17A.3, the Department of Public Health hereby gives Notice of Intended Action to adopt Chapter 122, “Anatomical Gift Public Awareness and Transplantation Fund,” Iowa Administrative Code.

The Department does not currently have rules established for the anatomical gift public awareness and transplantation fund. The proposed rules outline the funding requirements for state agencies or nonprofit legal entities conducting anatomical gift public awareness projects. The rules outline the funding requirements for hospitals conducting anatomical gift public awareness projects and improving referral protocols. The rules outline funding requirements for transplant recipients, donors, and caretakers for the reimbursement of out-of-pocket expenses not covered by insurance.

Any interested person may make written suggestions or comments on the proposed rules on or before August 9, 2016. Such written comments should be directed to Sherry Frizell, Division of Behavioral Health, Department of Public Health, Lucas State Office Building, 321 East 12th Street, Des Moines, Iowa 50319. E-mail may be sent to sherry.frizell@idph.iowa.gov.

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After analysis and review of this rule making, no impact on jobs has been found. These rules are intended to implement Iowa Code section 142C.15. The following rules are proposed.

Adopt the following new 641—Chapter 122:

CHAPTER 122
ANATOMICAL GIFT PUBLIC AWARENESS AND TRANSPLANTATION FUND

641—122.1(142C) Scope and purpose. The anatomical gift public awareness and transplantation fund was established by the legislature as a separate fund consisting of monetary contributions collected by county treasurers during the vehicle registration process and other contributions to the fund. Not more than 20 percent of the moneys in the fund annually may be expended in the form of grants to state agencies or to nonprofit legal entities. Not more than 30 percent of the moneys in the fund annually may be expended in the form of grants to hospitals for reimbursement for costs directly related to the development of in-hospital anatomical gift public awareness projects, anatomical gift referral protocols, and associated administrative expenses. Any unobligated moneys in the fund annually may be expended in the form of grants to transplant recipients, transplant candidates, living organ donors, or to legal representatives on behalf of transplant recipients, transplant candidates, or living organ donors for the reimbursement of out-of-pocket expenses not covered by insurance. These rules shall be implemented only to the extent that funding is available.

641—122.2(142C) Definitions. For purposes of this chapter, the following definitions apply:

“*Anatomical gift*” means a human organ donated by a living or deceased person for the purpose of transplantation.

“*Caretaker*” means a person who provides care, protection, or services to a transplant recipient or living organ donor.

“*Department*” means the Iowa department of public health.

“*Donor*” means an individual whose body or body part is the subject of an anatomical gift.

“*Human organ*” means an eye, heart, lung, liver, pancreas, or kidney.

“*Recipient*” means the person receiving a human organ via transplant surgery.

“*Resident*” means a natural person who physically resides in Iowa as the person’s principal and primary residence and who establishes evidence of such residency by providing the department with one of the following:

1. A valid Iowa driver’s license,
2. A valid Iowa nonoperator’s identification card,
3. A valid Iowa voter registration card,
4. A current Iowa vehicle registration certificate,
5. A utility bill,
6. A statement from a financial institution,
7. A residential lease agreement,
8. A check or pay stub from an employer,
9. A child’s school or child care enrollment documents,
10. Valid documentation establishing a filing for homestead or military tax exemption on property located in Iowa, or
11. Other valid documentation as deemed acceptable by the department to establish residency.

“*Transplantation*” means surgically moving a human organ from an organ donor to a recipient.

“*Transplant social worker*” means the hospital social worker assisting the organ donor or recipient.

641—122.3(142C) State agencies or nonprofit legal entities. Funding is available for state of Iowa agencies or nonprofit legal entities to conduct anatomical gift public awareness projects.

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122.3(1) Eligibility criteria. To be eligible for a grant, the applicant shall be a state agency or nonprofit legal entity which, through a competitive bid process, submits a plan for an anatomical gift public awareness project.

122.3(2) Amount of grant. The department may offer a grant opportunity to state agencies and nonprofit entities through a competitive bid process. The total amount of grant funds awarded to an applicant shall be based on the number of applicants and the availability of funds. Awarded grant funds will be made payable to the applicant.

122.3(3) Review process.

a. An applicant shall make an application to the program in the manner specified by the department. The department shall follow the requirements for competitive selection contained in 641—Chapter 176 in awarding these funds.

b. The department shall establish a request for bids and application process for applicants eligible to receive funding. The application review process and review criteria for preference in awarding the grants shall be described in the request for bids.

c. An applicant may appeal the denial of a properly submitted grant application. Appeals shall be governed by rule 641—176.8(135,17A).

641—122.4(142C) Hospitals. Funding is available to hospitals for reimbursement for costs directly related to the development of in-hospital anatomical gift public awareness projects, anatomical gift referral protocols, and associated administrative expenses.

122.4(1) Eligibility criteria. To be eligible for a grant, the applicant shall be a hospital physically located in Iowa which, through a competitive bid process, submits a plan for an anatomical gift public awareness project or an implementation or improvement of referral protocol.

122.4(2) Amount of grant. The department may offer a grant opportunity to Iowa hospitals through a competitive bid process. The total amount of grant funds awarded to an applicant shall be based on the number of applicants and the availability of funds. Awarded grant funds will be made payable to the applicant.

122.4(3) Review process.

a. An applicant shall make an application to the program in the manner specified by the department. The department shall follow the requirements for competitive selection contained in 641—Chapter 176 in awarding these funds.

b. The department shall establish a request for bids and application process for applicants eligible to receive funding. The application review process and review criteria for preference in awarding the grants shall be described in the request for bids.

c. An applicant may appeal the denial of a properly submitted grant application. Appeals shall be governed by rule 641—176.8(135,17A).

641—122.5(142C) Transplant recipients and donors. Funding is available to transplant recipients, donors, and a single caretaker for the reimbursement of out-of-pocket expenses not covered by insurance.

122.5(1) Eligibility criteria. To be eligible for a grant, an applicant (or the applicant's legal representative) must be a U.S. citizen and a resident of the state of Iowa or be a living organ donor to a resident of Iowa who:

a. Has undergone a transplant surgery, or

b. Is in need of dental clearance in order to be placed on a transplant list as maintained by the United Network for Organ Sharing (UNOS), or

c. Has been tested as a potential donor and been rejected.

122.5(2) Grant application. The department shall make the grant application form available on the department's Web site. Awards shall be made on a reimbursement basis to Iowa resident donors and donor recipients. The total amount of grant funds awarded to an applicant shall be based on the number of applicants and the availability of funds. Awarded grant funds will be made payable to the applicant.

122.5(3) Application process.

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a. The applicant shall complete the application, as provided by the department, in its entirety and forward the application to the applicant's transplant social worker for review, comment and approval.

b. The transplant social worker shall review the information and documentation provided by the applicant and attest to their accuracy.

c. The completed application shall be mailed to the address provided on the application. Applications that are incomplete or illegible shall be returned via U.S. mail to the applicant or to the attention of transplant social workers for completion. Original receipts shall be submitted with the application.

d. Grant application documentation shall be retained by the applicant and the transplant social workers for a minimum of five years.

122.5(4) Eligible expenses. The department may reimburse applicants for the following expenses. A more comprehensive list of items eligible for reimbursement is located in the Guidelines - Category 3 document at <http://idph.iowa.gov/anatomical-gift>.

a. Dental expenses required for placement of the recipient on a transplant list and expenses directly related to the transplant, to include:

- (1) Initial routine exam.
- (2) Complete cleaning.
- (3) Full mouth X-rays.
- (4) Up to \$1,500 of remaining expenses.

b. Prescription medication (maximum of \$2,000).

c. Lodging (rate determined by the department).

d. Airfare (coach) for donor and caretaker for a maximum of two people at a rate determined by the department.

e. Expenses immediately preceding and immediately following transplant surgery until the recipient and living organ donor are medically released by the hospital.

f. Disposable, short-term cleaning and daily life items, such as paper towels, paper plates, tin foil, toilet paper, etc.

g. Rehospitalization.

h. Mileage at current rate of state reimbursement.

i. Child care when both parents undergo surgery related to a single organ transplant.

122.5(5) Ineligible expenses. The department may not reimburse for the following.

a. Lost wages.

b. Alcohol or nonfood items, such as gum, breath mints, candy, etc.

c. Delivery fees and charges, Internet access, or garage rental.

d. In-domicile meals, food, or lodging.

e. Medication not directly associated with the transplant or medication taken prior to the transplant.

f. Medication and supplies available over the counter, such as blood pressure cuffs, gauze, bandages, scales, support hose, etc.

g. Credit card fees, check processing fees, and nonrefundable security deposits.

h. Lodging and meals for visitors.

i. Dentures.

j. Non-disposable or long-term cleaning and daily life expenses, such as vacuum, broom, towels, bedding, etc.

k. Personal items, such as shampoo, lotion, toothbrush, toothpaste, personal hygiene items, or clothing, etc.

l. Labels, stamps, envelopes, notebooks, etc.

m. Follow-up visit meals, lodging, etc.

n. Expenses covered by primary, secondary, or tertiary insurance.

122.5(6) Review process.

a. The department shall review grant applications and supporting documentation on a first-come, first-served basis.

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- b. Grant reimbursement limits and eligibility shall be determined by the department.
- c. Grant applications and payments are not considered public records pursuant to Iowa Code section 22.7(2).

These rules are intended to implement Iowa Code section 142C.15.

ARC 2628C**PUBLIC HEALTH DEPARTMENT[641]****Notice of Intended Action**

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)“b.”

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code section 147A.4, the Department of Public Health hereby gives Notice of Intended Action to amend Chapter 131, “Emergency Medical Services—Provider Education/Training/Certification,” and Chapter 132, “Emergency Medical Services—Service Program Authorization,” Iowa Administrative Code.

The rules in Chapter 131 describe the standards for the education, training, and certification of emergency medical providers. The rules in Chapter 132 describe the standards for the authorization of EMS services. These proposed amendments update the reference to the Iowa Emergency Medical Care Provider Scope of Practice and to the Critical Care Paramedic (CCP) Curriculum to the most recent editions, June 2016 and January 2016, respectively. The updated editions reflect current medical practice and core knowledge necessary for paramedics performing enhanced procedures for critical patients. The scope of practice document also removes the EMT-Intermediate and EMT-Ambulance provider levels, which are no longer certification levels in the State of Iowa. Provisions for administration of intranasal naloxone for all provider levels are incorporated in the updated scope of practice document to comply with 2016 Iowa Acts, Senate File 2218.

Any interested person may make written comments or suggestions on the proposed amendments on or before August 9, 2016. Such written comments should be directed to Rebecca Curtiss, Bureau of Emergency and Trauma Services, Department of Public Health, 321 East 12th Street, Des Moines, Iowa 50319. E-mail may be sent to rebecca.curtiss@idph.iowa.gov.

After analysis and review of this rule making, no impact on jobs has been found.

These amendments are intended to implement Iowa Code section 147A.4.

The following amendments are proposed.

ITEM 1. Amend paragraph **131.3(3)“b”** as follows:

- b. Scope of Practice for Iowa EMS Providers (~~April 2015~~ June 2016) is hereby incorporated and adopted by reference for emergency medical care providers. For any differences that may occur between the Scope of Practice adopted by reference and these administrative rules, the administrative rules shall prevail.

ITEM 2. Amend paragraph **131.5(1)“c”** as follows:

- c. A training program shall use the Iowa CCP curriculum (~~November 2001~~ January 2016) for courses leading to the CCP endorsement.

ITEM 3. Amend paragraph **132.2(4)“b”** as follows:

- b. Scope of Practice for Iowa EMS Providers (~~April 2015~~ June 2016) is hereby incorporated and adopted by reference for emergency medical care providers. For any differences that may occur between the Scope of Practice adopted by reference and these administrative rules, the administrative rules shall prevail.

ARC 2636C**REVENUE DEPARTMENT[701]****Notice of Intended Action**

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)“b.”

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code sections 17A.3 and 423.42, the Department of Revenue hereby gives Notice of Intended Action to amend Chapter 15, “Determination of a Sale and Sale Price,” Chapter 18, “Taxable and Exempt Sales Determined by Method of Transaction or Usage,” and Chapter 230, “Exemptions Primarily Benefiting Manufacturers and Other Persons Engaged in Processing,” Iowa Administrative Code.

The proposed amendments are necessary to reflect the enactment of 2016 Iowa Acts, House File 2433. House File 2433 modifies the exemptions contained in Iowa Code section 423.3(47) by exempting supplies and by defining replacement parts and supplies. The proposed amendments incorporate these changes into new rules that implement Iowa Code section 423.3(47). The new rules are intended to modernize and simplify the administration of the exemptions under Iowa Code section 423.3(47). The proposed amendments also update terminology and cross references used in existing rules.

Items 1 through 4 amend existing rules on exemptions by adding cross references to new rules 701—230.14(423) to 230.22(423). The items also update terminology in the existing rules and make nonsubstantive stylistic changes.

Item 5 creates new rule 701—230.14(423), which provides a directory of and definitions for all exemptions under Iowa Code section 423.3(47) and which includes new and updated definitions to correspond to Iowa Code section 423.3(47) as amended by 2016 Iowa Acts, House File 2433.

Item 6 creates new rule 701—230.15(423), which explains the exemption for property directly and primarily used in processing by a manufacturer.

Item 7 creates new rule 701—230.16(423), which applies to the exemption for property directly and primarily used by a manufacturer to maintain integrity or unique environmental conditions.

Item 8 creates new rule 701—230.17(423), which addresses the exemption for property directly and primarily used in research and development of new products or processes of processing.

Item 9 creates new rule 701—230.18(423), which pertains to the exemption for computers used in processing or storage of data or information by an insurance company, financial institution, or commercial enterprise.

Item 10 creates new rule 701—230.19(423), which discusses the exemption for property directly and primarily used in recycling or reprocessing of waste products.

Item 11 creates new rule 701—230.20(423), which describes the exemption for pollution-control equipment used by a manufacturer.

Item 12 creates new rule 701—230.21(423), which relates to the exemption for fuel used in exempt property.

Item 13 creates new rule 701—230.22(423), which provides guidance for the exemption for the design and installation of new industrial machinery and equipment.

The Department has considered the factors listed in Iowa Code section 17A.4A. The Department will issue a regulatory analysis as provided in Iowa Code section 17A.4A if a written request is filed by delivery or by mailing postmarked no later than August 22, 2016, to Victoria Daniels, Policy and Communications Division, Department of Revenue, Hoover State Office Building, P.O. Box 10457, Des Moines, Iowa 50306. Alternatively, requests may be e-mailed to victoria.daniels@iowa.gov. The request may be made by the Administrative Rules Review Committee, the Administrative Rules Coordinator, at least 25 persons signing that request who each qualify as a small business or an organization representing at least 25 such persons.

REVENUE DEPARTMENT[701](cont'd)

Any interested person may make written suggestions or comments on these proposed amendments on or before August 9, 2016. Such written comments should be e-mailed to Victoria Daniels at victoria.daniels@iowa.gov or mailed to Victoria Daniels, Policy and Communications Division, Department of Revenue, Hoover State Office Building, P.O. Box 10457, Des Moines, Iowa 50306. Persons who want to convey their views orally should contact Victoria Daniels, Policy and Communications Division, Department of Revenue, at (515)281-8450 or at the Department of Revenue offices on the fourth floor of the Hoover State Office Building.

Requests for public hearing must be received by August 9, 2016.

After analysis and review of this rule making, the Department finds that the changes in the proposed amendments are likely to have a positive impact on jobs by exempting supplies. The Department estimates that, between fiscal years 2017 and 2021, manufacturers will reduce their total state and local sales and use tax burden by \$29.2 million to \$34.8 million annually under the proposed amendments. Reducing the tax burden on business inputs for manufacturers is likely to have a positive impact on jobs.

These amendments are intended to implement Iowa Code section 423.3(47) as amended by 2016 House File 2433, and section 423.3(48).

The following amendments are proposed.

ITEM 1. Amend paragraph **15.3(3)“a,”** definition of “Fuel consumed in processing,” as follows:

“*Fuel consumed in processing*” includes fuel used in grain drying; or providing heat or cooling for livestock buildings, fuel used for generating electric current, fuel consumed in implements of husbandry engaged in agricultural production, as well as fuel used in “processing” as defined in rules 701—18.29(422,423), and 701—18.58(422,423), and 701—230.15(423). See rule 701—17.2(422) for a detailed description of “fuel used in processing.” See rule 701—17.3(422,423) for extensive discussion regarding electricity and steam used in processing.

ITEM 2. Amend subrule 18.29(7) as follows:

18.29(7) Other department rules concerned with processing. Various sections of the Iowa Code set out activities ~~which~~ that are defined by statute to be “processing”. The rules interpreting these statutes for the purposes of sales and use tax law are the following:

- a. 701—15.3(422,423) Certificates of resale, processing, and fuel used in processing Exemption certificates, direct pay permits, fuel used in processing, and beer and wine wholesalers.
- b. 701—17.2(422) Fuel used in processing—when exempt.
- c. 701—17.3(422,423) Electricity, steam, or other taxable services to be used in the processing of tangible personal property intended to be sold ultimately at retail are exempt from sales tax Processing exemptions.
- d. 701—17.9(422,423) Sales of breeding livestock, fowl, and certain other property used in agricultural production. See 701—subrules 17.9(4), 17.9(5), 17.9(6), and 17.9(7) for processing exemptions.
- e. 701—17.14(422,423) Chemicals, solvents, sorbents, or reagents used in processing.
- f. 701—18.3(422,423) Chemical compounds used to treat water.
- g. 701—18.45(422,423) Sale or rental of computers, industrial machinery and equipment; refund of and exemption from tax paid for periods prior to July 1, 1997.
- h. 701—18.58(422,423) Sales or rentals of machinery, equipment, and computers and sales of fuel and electricity to manufacturers and sales or rentals of computers to commercial enterprises for periods on and after July 1, 1997, but before July 1, 2016.
- i. 701—26.2(422) Enumerated services exempt. See 701—subrule 26.2(2) for the processing exemption.
- j. 701—28.2(423) Processing of property defined.
- k. 701—33.3(423) Fuel consumed in creating power, heat, or steam for processing or generating electric current.
- l. 701—33.7(423) Property used to manufacture certain vehicles to be leased.

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m. For property sold on or after July 1, 2016, computers, machinery, equipment, replacement parts, and supplies used for an exempt purpose under Iowa Code section 423.3(47). See rules 701—230.14(423) to 701—230.22(423).

ITEM 3. Amend rule 701—18.58(422,423), introductory paragraph, as follows:

701—18.58(422,423) Exempt sales or rentals of computers, industrial machinery and equipment, and exempt sales of fuel and electricity on and after July 1, 1997, but before July 1, 2016. The sale or rental of machinery, equipment, or computers used by a manufacturer in processing; the sale or rental of a computer used in the processing or storage of data or information by an insurance company, financial institution, or commercial enterprise; and the sale or rental of various other types of tangible personal property are, under certain circumstances, exempt from tax as of July 1, 1997, but before July 1, 2016. For sales that occur on or after July 1, 2016, see rules 701—230.14(423) to 701—230.22(423).

ITEM 4. Amend rule 701—230.5(423) as follows:

701—230.5(423) Exempt sales of gases used in the manufacturing process. Sales of argon and other similar gases to be used in the manufacturing process are exempt from tax. For the purposes of this rule, only inert gases are gases ~~which~~ that are similar to argon. An “inert gas” is any gas ~~which~~ that is normally chemically inactive. It will not support combustion and cannot be used as either a fuel or as an oxidizer. Argon, helium, neon, krypton, radon, and xenon are inert gases. Oxygen, hydrogen, and methane are nonexclusive examples of gases ~~which~~ that are not inert. These sales are exempt only if the gas is purchased by a “manufacturer,” for use in “processing,” as those terms are defined in ~~referenced~~ 701—subrule 18.58(1) subrules 230.15(3) and 230.15(4).

This rule is intended to implement Iowa Code section 423.3(51).

ITEM 5. Adopt the following new rule 701—230.14(423):

701—230.14(423) Exemption for the sale of computers, machinery, equipment, replacement parts, supplies, and materials used to construct or self-construct computers, machinery, equipment, replacement parts, and supplies used for certain manufacturing purposes if the sale occurs on or after July 1, 2016. Rules 701—230.14(423) to 701—230.20(423) exempt the sales price of computers, machinery, equipment, replacement parts, supplies, and materials used to construct or self-construct computers, machinery, equipment, replacement parts, and supplies when used in an exempt manufacturing purpose. Rule 701—230.21(423) exempts the purchase of fuel used in such computers, machinery, and equipment. Rule 701—230.22(423) exempts the service of designing or installing such machinery and equipment. Rules 701—230.14(423) to 701—230.22(423) apply to sales of such products occurring on or after July 1, 2016. For sales occurring prior to July 1, 2016, see rule 701—18.58(422,423).

230.14(1) Generally. The sales price of computers, machinery, equipment, replacement parts, supplies, and materials used to construct or self-construct computers, machinery, equipment, replacement parts, and supplies is exempt from sales and use tax if the property is any of the following:

- a. Directly and primarily used in processing by a manufacturer (see rule 701—230.15(423)).
- b. Directly and primarily used to maintain the integrity of the product or to maintain unique environmental conditions required for either the product or the computers, machinery, and equipment used in processing by a manufacturer, including test equipment used to control quality and specifications of the product (see rule 701—230.16(423)).
- c. Directly and primarily used in research and development of new products or processes of processing (see rule 701—230.17(423)).
- d. Computers used in processing or storage of data or information by an insurance company, financial institution, or commercial enterprise (see rule 701—230.18(423)).
- e. Directly and primarily used in recycling or reprocessing of waste products (see rule 701—230.19(423)).

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f. Pollution-control equipment used by a manufacturer, including but not limited to that required or certified by an agency of this state or of the United States government (see rule 701—230.20(423)).

g. Fuel used in creating heat, power, steam, or for generating electrical current, or from the sale of electricity, consumed by computers, machinery, or equipment used in an exempt manner described in paragraph “a,” “b,” “c,” “e,” or “f” (see rule 701—230.21(423)).

230.14(2) *Computers, machinery, equipment, replacement parts, supplies, and materials used to construct or self-construct computers, machinery, equipment, replacement parts, and supplies.*

a. Computers. “Computer” means stored program processing equipment and all devices fastened to it by means of signal cables or any communication medium that serves the function of a signal cable. Nonexclusive examples of devices fastened by a signal cable or other communication medium are terminals, printers, display units, card readers, tape readers, document sorters, optical readers, and card or tape punchers. Excluded from the definition of “computer” is point-of-sale equipment. For a characterization of “point-of-sale equipment,” see subparagraph 230.14(2) “g”(4). Also included within the meaning of the word “computer” is any software consisting of an operating system or executive program. Such software coordinates, supervises, or monitors the basic operating procedure of a computer. An operating system or executive program is exempt from sales tax under rules 701—230.14(423) to 701—230.20(423) only if purchased as part of the sale of the computer for which it operates. An operating system or executive program priced separately or sold at a later time is subject to the provisions of rule 701—18.34(422,423). Excluded from the meaning of the word “computer” is any software consisting of an application program. For purposes of this paragraph, “operating system or executive program” means a computer program that is fundamental and necessary to the functioning of a computer. The operating system or executive program software controls the operation of a computer by managing the allocation of all system resources, including the central processing unit, main and secondary storage, input/output devices, and the processing of programs. This is in contrast to application software, which is a collection of one or more programs used to develop and implement the specific applications that the computer is to perform and which calls upon the services of the operating system or executive program.

b. Machinery. “Machinery” is any mechanical, electrical, or electronic device designed and used to perform some function and to produce a certain effect or result. The term includes not only the basic unit of the machinery, but also any adjunct or attachment necessary for the basic unit to accomplish its intended function. Machinery also includes all devices used or required to control, regulate, or operate a piece of machinery, provided such devices are directly connected with or are an integral part of the machinery and are used primarily for control, regulation, or operation of machinery. Other devices necessary to the operation of or used in conjunction with the operation of what would be ordinarily thought of as machinery are also considered to be machinery.

c. Equipment. In general usage, “equipment” refers to devices or tools used to produce a final product or achieve a given result.

d. Replacement parts. “Replacement part” means tangible personal property other than computers, machinery, equipment, or supplies, regardless of the cost or useful life of the tangible personal property, that meets all of the following conditions:

(1) The tangible personal property replaces a component of a computer, machinery, or equipment, which component is capable of being separated from the computer, machinery, or equipment;

(2) The tangible personal property performs the same or similar function as the component it replaced; and

(3) The tangible personal property restores the computer, machinery, or equipment to an operational condition, or upgrades or improves the efficiency of the computer, machinery, or equipment.

e. Supplies. “Supply” means tangible personal property, other than computers, machinery, equipment, or replacement parts, that meets one of the following conditions:

(1) The tangible personal property is to be connected to a computer, machinery, or equipment and requires regular replacement because the item is consumed or deteriorates during use. Such supplies include, but are not limited to, saw blades, drill bits, filters, and other similar items with a short useful life.

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(2) The tangible personal property is used in conjunction with a computer, machinery, or equipment and is specially designed for use in manufacturing specific products and may be used interchangeably and intermittently on a particular computer, machine, or piece of equipment. Such supplies include, but are not limited to, jigs, dies, tools, and other similar items.

(3) The tangible personal property comes into physical contact with other tangible personal property used in processing and is used to assist with or maintain conditions necessary for processing. Such supplies include, but are not limited to, cutting fluids, oils, coolants, lubricants, and other similar items with a short useful life.

(4) The tangible personal property is directly and primarily used in an activity described in rules 701—230.14(423) to 701—230.20(423). Such supplies include, but are not limited to, prototype materials and testing materials.

f. Materials used to construct or self-construct computers, machinery, equipment, replacement parts, and supplies. “Materials used to construct or self-construct computers, machinery, equipment, replacement parts, and supplies” means tangible personal property that is incorporated into a computer, machinery, equipment, replacement part, or supply when the computer, machinery, equipment, replacement part, or supply is constructed or assembled.

g. Exclusions. Sales of the following property, or materials used to construct or self-construct the following property, are not exempt under rules 701—230.14(423) to 701—230.20(423) regardless of how the property is used.

(1) Land.

(2) Intangible property.

(3) Hand tools. “Hand tool” means a tool that can be held in the hand or hands and is powered by human effort.

(4) Point-of-sale equipment and computers. “Point-of-sale equipment and computers” means input, output, and processing equipment and computers used to consummate a sale and to record or process information pertaining to a sale transaction at the time the sale takes place and is located at the counter, desk, or other specific point where the transaction occurs. Point-of-sale equipment and computers do not include equipment and computers used primarily for depositing or withdrawing funds from financial institution accounts.

(5) Certain centrally assessed industrial machinery, equipment, and computers. Property that is centrally assessed by the department of revenue under Iowa Code sections 428.24 to 428.29 or chapters 433, 434, 437, 437A, 437B, and 438 does not qualify for exemption under rules 701—230.14(423) to 701—230.20(423). Property used but not owned by persons whose property is defined by such provisions of the Iowa Code, which would be assessed by the department of revenue if the persons owned the property, also does not qualify for exemption under rules 701—230.14(423) to 701—230.20(423).

(6) Vehicles subject to registration. The general sales and use tax does not apply to vehicles subject to registration under Iowa Code chapter 321. Instead, such vehicles are subject to the fee for new registration under Iowa Code section 321.105A. Vehicles subject to registration are not exempt from the fee for new registration under rules 701—230.14(423) to 701—230.20(423), unless the vehicle is directly and primarily used in recycling or reprocessing of waste products (see rule 701—230.19(423)).

h. Examples. When used for an exempt purpose under rules 701—230.14(423) to 701—230.20(423), the following items may be exempt computers, machinery, equipment, replacement parts, or supplies. This list is not all-inclusive.

(1) Coolers, including coolers that do not change the nature of materials stored in them.

(2) Equipment that eliminates bacteria.

(3) Palletizers.

(4) Storage bins.

(5) Property used to transport raw, semifinished, or finished goods.

(6) Vehicle-mounted cement mixers.

(7) Self-constructed machinery and equipment.

(8) Packaging and bagging equipment, including conveyer systems.

(9) Equipment that maintains an environment necessary to preserve a product’s integrity.

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(10) Equipment that maintains a product's integrity directly.

(11) Quality control equipment.

230.14(3) *Leased and rented property.* The exemptions under rules 701—230.14(423) to 701—230.22(423) apply to property regardless of how it is sold, including leased or rented property. The lease of computers, machinery, equipment, replacement parts, or supplies may be exempt from sales and use tax if the lessee uses the property in an exempt manner under rules 701—230.14(423) to 701—230.20(423). Additionally, a lessor's purchase of computers, machinery, equipment, replacement parts, or supplies for lease or resale may be an exempt sale for resale under Iowa Code section 423.3(2).

230.14(4) *Record-keeping.* To qualify for the exemption, purchasers must be able to prove that computers, machinery, equipment, replacement parts, supplies, and materials used to construct or self-construct the same are used for an exempt purpose under rules 701—230.14(423) to 701—230.20(423). Detailed records should be maintained at or near the time of use to verify that qualifying property is used for an exempt purpose. Computers, machinery, equipment, replacement parts, supplies, and materials used to construct or self-construct the same are not exempt under rules 701—230.14(423) to 701—230.20(423) if the purchaser cannot prove the property is used for an exempt purpose.

This rule is intended to implement Iowa Code section 423.3(47) as amended by 2016 Iowa Acts, House File 2433.

ITEM 6. Adopt the following **new** rule 701—230.15(423):

701—230.15(423) Exemption for the sale of property directly and primarily used in processing by a manufacturer if the sale occurs on or after July 1, 2016. The sales price of computers, machinery, equipment, replacement parts, supplies, and materials used to construct or self-construct computers, machinery, equipment, replacement parts, and supplies is exempt from sales and use tax when the property is directly and primarily used in processing by a manufacturer. For sales occurring prior to July 1, 2016, see rule 701—18.58(422,423).

230.15(1) *Required elements.* To qualify for exemption under this rule, the purchaser must prove the property is:

a. Computers, machinery, equipment, replacement parts, supplies, or materials used to construct or self-construct computers, machinery, equipment, replacement parts, or supplies (see subrule 230.14(2));

b. Directly used (see subrule 230.15(2));

c. Primarily used (see subrule 230.15(2));

d. Used in processing (see subrule 230.15(3)); and

e. Used by a manufacturer (see subrule 230.15(4)).

230.15(2) *Directly and primarily used.*

a. Directly used.

(1) Generally. Property is “directly used” only if it is used to initiate, sustain, or terminate an exempt activity. In determining whether any property is “directly used,” consideration should be given to the following factors:

1. The physical proximity of the property to the exempt activity;

2. The temporal proximity of the use of the property to the use of other property that is directly used in the exempt activity; and

3. The active causal relationship between the use of the property and the exempt activity. The fact that a particular piece of property may be essential to the conduct of the activity because its use is required either by law or practical necessity does not, of itself, mean that the property is directly used.

(2) Examples. The following property typically is not directly used in an exempt manner:

1. Property used exclusively for the comfort of workers, such as air cooling, air conditioning, or ventilation systems.

2. Property used in support operations, such as a machine shop, where production machinery is assembled, maintained, or repaired.

3. Property used by administrative, accounting, or personnel departments.

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4. Property used by security, fire prevention, first aid, or hospital stations.
5. Property used in communications or safety.

b. Primarily used. The primary use of property is the activity or activities for which the property is used more than half of the time.

230.15(3) Processing.

a. Generally. “Processing” means a series of operations in which materials are manufactured, refined, purified, created, combined, transformed, or stored by a manufacturer, ultimately into tangible personal property. Processing encompasses all activities commencing with the receipt or producing of raw materials by the manufacturer and ending at the point products are delivered for shipment or transferred from the manufacturer. Processing includes, but is not limited to, refinement or purification of materials; treatment of materials to change their form, context, or condition; maintenance of the quality or integrity of materials, components, or products; maintenance of environmental conditions necessary for materials, components, or products; quality control activities; construction of packaging and shipping devices; placement into shipping containers or any type of shipping device or medium; and the movement of materials, components, or products until shipment from the processor. “Receipt or producing of raw materials” means activities performed upon tangible personal property only. With respect to raw materials produced from or upon real estate, “production of raw materials” is deemed to occur immediately following the severance of the raw materials from the real estate.

b. The beginning of processing. Processing begins with a processor’s receipt or production of raw material. Thus, when a processor produces its own raw material, it is engaged in processing. Processing also begins when a supplier transfers possession of raw materials to a processor.

c. The completion of processing. Processing ends when the finished product is transferred from the processor or delivered for shipment by the processor. Therefore, a processor’s packaging, storage, and transport of a finished product after the product is in the form in which it will be sold at retail are part of the processing of the product.

d. Examples of the beginning, intervening steps, and the ending of processing. Of the following, Examples A and B illustrate when processing begins under various circumstances; Example C demonstrates the middle stages of processing; and Example D demonstrates when the end of processing takes place.

EXAMPLE A: Company A manufactures fine furniture. Company A owns a grove of walnut trees that it uses as raw material. Company A’s employees cut the trees, transport the logs to Company A’s facility, store the logs in a warehouse to begin the curing process, and eventually take the logs to Company A’s sawmill. The walnut trees are real property while they are growing. Thus, no “production of raw materials” has occurred with regard to the trees until they have been severed from the soil and transformed into logs. Processing of the logs begins when they are placed on vehicles for transport to Company A’s factory. However, if the transport vehicles are “vehicles subject to registration,” the vehicles are not exempt from the fee for new registration under this rule (see subparagraph 230.14(2) “g”(6)).

EXAMPLE B: Company A from the previous example also buys mahogany logs from a supplier in Honduras. Company A uses its equipment to offload the logs from railroad cars at its facility. Company A then stores and saws the logs as previously described in Example A. Processing begins when Company A offloads the logs from the railroad cars.

EXAMPLE C: Company C is a microbrewery. It uses a variety of kettles, vats, tanks, tubs, and other containers to mix, cook, ferment, settle, age, and store the beer it brews. Company C also uses a variety of pipes and pumps to move the beer among the various containers involved in the activity of brewing. All stages of this brewing are part of processing, including fermentation or aging (the transformation of the raw materials from one state to another) as well as the storage of hops in a bin and the storage of beer prior to bottling (the holding of materials in an existing state). Any movement of the product between containers is also a part of processing.

EXAMPLE D: After the brewing process is complete, Company C places its beer in various containers, stores the beer, and moves the beer to Company C’s customers by a common carrier that picks up the beer at Company C’s facility. Company C’s activities of placing the beer into bottles, cans, and kegs,

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storing the beer after packaging, and moving the beer by use of a forklift to the common carrier's pickup site are part of processing.

230.15(4) Manufacturer.

a. Generally. "Manufacturer" means a person that purchases, receives, or holds personal property of any description for the purpose of adding to its value by a process of manufacturing, refining, purifying, or combining of different materials, or by the packing of meats, with a view to selling the property for gain or profit, but also includes contract manufacturers. A "contract manufacturer" is a manufacturer that otherwise falls within the definition of manufacturer, except that a contract manufacturer does not sell the tangible personal property the contract manufacturer processes on behalf of other manufacturers. A business engaged in activities subsequent to the extractive process of quarrying or mining, such as crushing, washing, sizing, or blending of aggregate materials, is a manufacturer with respect to these activities. A person does not need to be primarily engaged in an activity listed in this subrule in order to qualify as a manufacturer for purposes of this rule.

b. Nonexclusive examples. Those who are in the business of printing, newspaper publication, bookbinding, lumber milling, and production of drugs and agricultural supplies are illustrative, nonexclusive examples of manufacturers. Construction contracting; repairing of tangible personal property (such as automobile engines); provision of health care; farming; transportation for hire; and the activities of restaurateurs, hospitals, medical doctors, and those who merely process data are illustrative, nonexclusive examples of businesses that ordinarily are not manufacturers.

EXAMPLE A: Company A owns and operates a gravel pit. Company A sells the gravel extracted from the pit to others who use the gravel for surfacing roads and as an ingredient in concrete manufacture. Company A removes overlay and raw gravel from the pit and then transports the gravel to a plant where washing and sizing of the gravel take place. Company A is a manufacturer, but only with respect to those activities that occur after it extracts the gravel from the ground.

EXAMPLE B: Company B owns a manufacturing plant. Company B also owns a machine shop where it uses a metal press machine to fabricate patterns. All of these patterns are used in Company B's manufacturing plant as part of processing, and the metal press machine is used solely to fabricate these patterns. The sales price of the metal press machine is not exempt from sales and use tax under this rule because Company B does not use the metal press machine to manufacture a product for sale at a gain or profit. Similarly, the sales price of replacement parts and supplies used in the metal press machine is not exempt from sales and use tax under this rule. However, the computers, machinery, equipment, replacement parts, and supplies used in Company B's manufacturing plant may be exempt if they are directly and primarily used in processing.

230.15(5) Replacement parts and supplies.

a. Replacement parts. To qualify for exemption under this rule, replacement parts must satisfy the definition contained in paragraph 230.14(2)"d." In addition to the other requirements, an exempt replacement part must replace a component of a computer, machinery, or equipment that is directly and primarily used in processing by a manufacturer. Tangible personal property is not an exempt replacement part under this rule if the property exclusively replaces a component of a computer, machinery, or equipment that is not directly and primarily used in processing by a manufacturer.

b. Supplies. To qualify for exemption under this rule, supplies must satisfy the definition contained in paragraph 230.14(2)"e." In addition to the other requirements, an exempt supply must be connected to, be used in conjunction with, or come into physical contact with a computer, machinery, or equipment that is directly and primarily used in processing by a manufacturer, or an exempt supply must itself be directly and primarily used in processing by a manufacturer. Tangible personal property is not an exempt supply under this rule if the property exclusively is connected to, is used in conjunction with, or comes into physical contact with a computer, machinery, or equipment that is not directly and primarily used in processing by a manufacturer.

This rule is intended to implement Iowa Code section 423.3(47)"a"(1).

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ITEM 7. Adopt the following new rule 701—230.16(423):

701—230.16(423) Exemption for the sale of property directly and primarily used by a manufacturer to maintain integrity or unique environmental conditions if the sale occurs on or after July 1, 2016. The sales price of computers, machinery, equipment, replacement parts, supplies and materials used to construct or self-construct computers, machinery, equipment, replacement parts, and supplies is exempt from sales and use tax when the property is directly and primarily used to maintain the integrity of the product or to maintain unique environmental conditions required for either the product or the computers, machinery, and equipment used in processing by a manufacturer, including test equipment used to control quality and specifications of the product. For sales occurring prior to July 1, 2016, see rule 701—18.58(422,423).

230.16(1) Required elements. To qualify for exemption under this rule, the purchaser must prove the property is:

a. Computers, machinery, equipment, replacement parts, supplies, or materials used to construct or self-construct computers, machinery, equipment, replacement parts, or supplies (see subrule 230.14(2));

b. Directly used (see subrule 230.15(2));

c. Primarily used (see subrule 230.15(2));

d. Used by a manufacturer (see subrule 230.15(4)); and

e. Used to maintain:

(1) A manufactured product's integrity;

(2) Unique environmental conditions required for a manufactured product; or

(3) Unique environmental conditions required for other computers, machinery, equipment, replacement parts, or supplies directly and primarily used in processing by a manufacturer.

230.16(2) Replacement parts and supplies.

a. Replacement parts. To qualify for exemption under this rule, replacement parts must satisfy the definition contained in paragraph 230.14(2)“d.” In addition to the other requirements, an exempt replacement part must replace a component of a computer, machinery, or equipment that is directly and primarily used to maintain the integrity of the product or to maintain unique environmental conditions required for either the product or the computers, machinery, and equipment used in processing by a manufacturer. Tangible personal property is not an exempt replacement part under this rule if the property exclusively replaces a component of a computer, machinery, or equipment that is not directly and primarily used to maintain the integrity of the product or to maintain unique environmental conditions required for either the product or the computers, machinery, and equipment used in processing by a manufacturer.

b. Supplies. To qualify for exemption under this rule, supplies must satisfy the definition contained in paragraph 230.14(2)“e.” In addition to the other requirements, an exempt supply must be connected to, be used in conjunction with, or come into physical contact with a computer, machinery, or equipment that is directly and primarily used to maintain the integrity of the product or to maintain unique environmental conditions required for either the product or the computers, machinery, and equipment used in processing by a manufacturer, or an exempt supply must itself be directly and primarily used to maintain the integrity of the product or to maintain unique environmental conditions required for either the product or the computers, machinery, and equipment used in processing by a manufacturer. Tangible personal property is not an exempt supply under this rule if the property exclusively is connected to, is used in conjunction with, or comes into physical contact with a computer, machinery, or equipment that is not directly and primarily used to maintain the integrity of the product or to maintain unique environmental conditions required for either the product or the computers, machinery, and equipment used in processing by a manufacturer.

230.16(3) Example of property directly and primarily used to maintain integrity or unique environmental conditions. A manufacturer purchases a cooling system that qualifies as machinery. The manufacturer uses the cooling system to directly and primarily maintain the proper temperature of other machinery and equipment. The manufacturer uses such machinery and equipment directly and

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primarily in processing. Because the cooling system maintains the environmental conditions necessary for machinery and equipment that is directly and primarily used in processing, the cooling system is exempt from sales and use tax under this rule.

This rule is intended to implement Iowa Code section 423.3(47) “a”(2).

ITEM 8. Adopt the following new rule 701—230.17(423):

701—230.17(423) Exemption for the sale of property directly and primarily used in research and development of new products or processes of processing if the sale occurs on or after July 1, 2016. The sales price of computers, machinery, equipment, replacement parts, supplies, and materials used to construct or self-construct computers, machinery, equipment, replacement parts, and supplies is exempt from sales and use tax when the property is directly and primarily used in research and development of new products or processes of processing. For sales occurring prior to July 1, 2016, see rule 701—18.58(422,423).

230.17(1) Required elements. To qualify for exemption under this rule, the purchaser must prove the property is:

a. Computers, machinery, equipment, replacement parts, supplies, or materials used to construct or self-construct computers, machinery, equipment, replacement parts, or supplies (see subrule 230.14(2));

b. Directly used (see subrules 230.15(2) and 230.17(3));

c. Primarily used (see subrule 230.15(2)); and

d. Used in research and development (see subrule 230.17(2)) of:

(1) New products; or

(2) Processes of processing.

230.17(2) “Research and development” means experimental or laboratory activity that has as its ultimate goal the development of new products or processes of processing.

230.17(3) Property is used “directly” in research and development only if it is used in actual experimental or laboratory activity that qualifies as research and development under this rule.

230.17(4) Replacement parts and supplies.

a. Replacement parts. To qualify for exemption under this rule, replacement parts must satisfy the definition contained in paragraph 230.14(2) “d.” In addition to the other requirements, an exempt replacement part must replace a component of a computer, machinery, or equipment that is directly and primarily used in research and development of new products or processes of processing. Tangible personal property is not an exempt replacement part under this rule if the property exclusively replaces a component of a computer, machinery, or equipment that is not directly and primarily used in research and development of new products or processes of processing.

b. Supplies. To qualify for exemption under this rule, supplies must satisfy the definition contained in paragraph 230.14(2) “e.” In addition to the other requirements, an exempt supply must be connected to, be used in conjunction with, or come into physical contact with a computer, machinery, or equipment that is directly and primarily used in research and development of new products or processes of processing, or an exempt supply must itself be directly and primarily used in research and development of new products or processes of processing. Tangible personal property is not an exempt supply under this rule if the property exclusively is connected to, is used in conjunction with, or comes into physical contact with a computer, machinery, or equipment that is not directly and primarily used in research and development of new products or processes of processing.

230.17(5) Example of property directly and primarily used in research and development of new products or processes of processing. A hybrid seed producer maintains a research and development laboratory for use in developing new varieties of corn seed. The hybrid seed producer purchases the following items for use in its research and development laboratory: a laboratory computer for processing data related to the genetic structure of various corn plants, an electron microscope for examining the structure of corn plant genes, a steam cleaner for cleaning rugs in the laboratory offices, and office furniture for use in the laboratory offices. The laboratory computer and the microscope are “directly” used in the research in which the laboratory is engaged; the steam cleaner and the office furniture are

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not directly used in research. Therefore, the sales prices of the laboratory computer and the microscope are exempt from sales and use tax. The sales prices of the steam cleaner and the office furniture are not exempt from tax under this rule.

This rule is intended to implement Iowa Code section 423.3(47) “a”(3).

ITEM 9. Adopt the following new rule 701—230.18(423):

701—230.18(423) Exemption for the sale of computers used in processing or storage of data or information by an insurance company, financial institution, or commercial enterprise if the sale occurs on or after July 1, 2016. The sales price of computers is exempt from sales and use tax when the computers are used in processing or storage of data or information by an insurance company, financial institution, or commercial enterprise. The sales price of machinery, equipment, replacement parts, supplies, and materials used to construct or self-construct computers, machinery, equipment, replacement parts, and supplies is not exempt under this rule. For sales occurring prior to July 1, 2016, see rule 701—18.58(422,423).

230.18(1) Required elements. To qualify for exemption under this rule, the purchaser must prove the property is:

- a. Computers (see paragraph 230.14(2) “a”);
- b. Used in processing or storage of data or information (see subrule 230.18(2)); and
- c. Used by:
 - (1) An insurance company (see subrule 230.18(3));
 - (2) A financial institution (see subrule 230.18(3)); or
 - (3) A commercial enterprise (see subrule 230.18(3)).

230.18(2) Processing or storage of data or information. All computers store and process information. However, only if the “final output” for a user or consumer is stored or processed data will the computer be eligible for exemption from tax under this rule.

230.18(3) Insurance company, financial institution, or commercial enterprise.

a. *Insurance company.* An insurance company is an insurer organized or operating under Iowa Code chapter 508, 514, 515, 518, 518A, 519, or 520 or an insurer authorized to do business in Iowa as an insurer or as a licensed insurance producer under Iowa Code chapter 522B. Excluded from the definition of “insurance company” are benevolent associations governed by Iowa Code chapter 512A, fraternal benefit societies governed by Iowa Code chapter 512B, and health maintenance organizations governed by Iowa Code chapter 514B. This list of exclusions is not intended to be exclusive.

b. *Financial institution.* A financial institution is any bank incorporated under the provisions of any state or federal law, any savings and loan association incorporated under the provisions of federal law, any credit union organized under the provisions of any state or federal law, any corporation licensed as an industrial loan company under Iowa Code chapter 536A, and any affiliate of a bank, savings and loan association, credit union, or industrial loan company.

c. *Commercial enterprise.* A commercial enterprise is a business or manufacturer conducted for profit, other than an insurance company or financial institution. “Commercial enterprise” includes centers for data processing services to insurance companies, financial institutions, businesses, and manufacturers, but excludes professions and occupations as well as nonprofit organizations. A hospital that is a not-for-profit organization is not a commercial enterprise. The term “profession” means a vocation or employment requiring specialized knowledge and often long and intensive academic preparation. The term “occupation” means the principal business of an individual, such as the business of farming. A professional entity that carries on any profession or occupation, such as an accounting firm, is not a commercial enterprise.

230.18(4) Exempt property. To qualify for exemption under this rule, tangible personal property must satisfy the definition of “computers” contained in paragraph 230.14(2) “a.” Other property, including machinery, equipment, replacement parts, supplies, and materials used to construct or self-construct computers, machinery, equipment, replacement parts, and supplies, is not exempt under this rule, even if the property is used in processing or storage of data or information by an insurance company, financial institution, or commercial enterprise.

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230.18(5) *Examples of computers used in processing or storage of data or information by an insurance company, financial institution, or commercial enterprise.* A health insurance company has four computers. Computer A is used to monitor the temperature within the insurance company's building. Computer A transmits messages to the building's heating and cooling systems, which tell the systems when to raise or lower the level of heating or air conditioning. Computer B is used to store patient records and to recall those records on demand. Computer C is used to tabulate statistics regarding the amount of premiums paid in and the amount of benefits paid out for various classes of insured. Computer D is used to train the insurance company's employees to perform various additional tasks or to better perform work the employees can already do. Computer D uses various canned programs to accomplish this function. The final output of Computer A is neither stored nor processed information. Therefore, Computer A does not meet the definition of an exempt computer. The final output of Computer B is stored information. The final output of Computer C is processed information. The final output of Computer D is processed information consisting of the training exercises appearing on the computer monitor. The sales prices of Computers B, C, and D are exempt from sales and use tax as computers used in processing or storage of data or information by an insurance company.

This rule is intended to implement Iowa Code section 423.3(47) "a"(4).

ITEM 10. Adopt the following new rule 701—230.19(423):

701—230.19(423) Exemption for the sale of property directly and primarily used in recycling or reprocessing of waste products if the sale occurs on or after July 1, 2016. The sales price of computers, machinery, equipment, replacement parts, supplies, and materials used to construct or self-construct computers, machinery, equipment, replacement parts, and supplies is exempt from sales and use tax when the property is directly and primarily used in recycling or reprocessing of waste products. For sales occurring prior to July 1, 2016, see rule 701—18.58(422,423).

230.19(1) Required elements. To qualify for exemption under this rule, the purchaser must prove the property is:

a. Computers, machinery, equipment, replacement parts, supplies, or materials used to construct or self-construct computers, machinery, equipment, replacement parts, or supplies (see subrule 230.14(2));

b. Directly used (see subrule 230.15(2));

c. Primarily used (see subrule 230.15(2)); and

d. Used in:

(1) Recycling of waste products (see subrule 230.19(2)); or

(2) Reprocessing of waste products (see subrule 230.19(2)).

230.19(2) Recycling and reprocessing.

a. "Recycling" is any process by which waste or materials that would otherwise become waste are collected, separated, or processed and revised or returned for use in the form of raw materials or products. Recycling includes, but is not limited to, the composting of yard waste that has been previously separated from other waste. Recycling does not include any form of energy recovery.

b. "Reprocessing" is not a subcategory of processing. Reprocessing of waste products is an activity separate and independent from the processing of tangible personal property.

c. Recycling or reprocessing generally begins when the waste products are collected or separated. Recycling or reprocessing generally ends when waste products are in the form of raw material or another non-waste product. Activities that occur between these two points and are an integral part of recycling or processing qualify as recycling or reprocessing.

230.19(3) Replacement parts and supplies.

a. *Replacement parts.* To qualify for exemption under this rule, replacement parts must satisfy the definition contained in paragraph 230.14(2) "d." In addition to the other requirements, an exempt replacement part must replace a component of a computer, machinery, or equipment that is directly and primarily used in recycling or reprocessing of waste products. Tangible personal property is not an exempt replacement part under this rule if the property exclusively replaces a component of a computer,

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machinery, or equipment that is not directly and primarily used in recycling or reprocessing of waste products.

b. Supplies. To qualify for exemption under this rule, supplies must satisfy the definition contained in paragraph 230.14(2)“e.” In addition to the other requirements, an exempt supply must be connected to, be used in conjunction with, or come into physical contact with a computer, machinery, or equipment that is directly and primarily used in recycling or reprocessing of waste products, or an exempt supply must itself be directly and primarily used in recycling or reprocessing of waste products. Tangible personal property is not an exempt supply under this rule if the property exclusively is connected to, is used in conjunction with, or comes into physical contact with a computer, machinery, or equipment that is not directly and primarily used in recycling or reprocessing of waste products.

230.19(4) Examples.

a. Computers, machinery, and equipment that may be exempt from sales and use tax under this rule include, but are not limited to, compactors, balers, crushers, grinders, cutters, and shears if directly and primarily used in recycling or reprocessing.

b. End loaders, forklifts, trucks, conveyor systems, and other moving devices directly and primarily used in the movement of waste products during recycling or reprocessing may be exempt from sales and use tax under this rule.

c. A bin or other container used to store waste products before collection for recycling or reprocessing is not directly and primarily used in recycling or reprocessing, and its sales price is not exempt from sales and use tax under this rule.

d. A vehicle used directly and primarily for collecting waste products for recycling or reprocessing could be a vehicle used for an exempt purpose under this rule, and such a vehicle could be exempt from the fee for new registration. Thus, a garbage truck could qualify for this exemption if the truck is directly and primarily used in recycling; however, a garbage truck primarily used to haul garbage to a landfill does not qualify for exemption under this rule.

EXAMPLE A: Company A recycles household waste. Company A uses several machines in its facility to separate waste products into recyclable and nonrecyclable materials and to further separate the recyclable materials into paper, plastic, or glass. The sales prices of all separating machines are exempt from sales and use tax as machines directly and primarily used in recycling of waste products.

EXAMPLE B: Company B uses grinding machines to convert logs, stumps, pallets, crates, and other waste wood into wood chips. Company B then uses its trucks to deliver the wood chips to local purchasers. The sales prices of the grinding machines are exempt from sales and use tax as machines directly and primarily used in recycling or reprocessing of waste products. The trucks used to transport the wood chips are not used in recycling or reprocessing because the wood chips are in their final form when loaded onto the trucks.

This rule is intended to implement Iowa Code sections 321.105A(2)“c”(24) and 423.3(47)“a”(5).

ITEM 11. Adopt the following **new** rule 701—230.20(423):

701—230.20(423) Exemption for the sale of pollution-control equipment used by a manufacturer if the sale occurs on or after July 1, 2016. The sales price of pollution-control equipment, including but not limited to equipment required or certified by an agency of Iowa or of the United States government, is exempt from sales and use tax when the property is used by a manufacturer. Other equipment, and computers, machinery, replacement parts, supplies, and materials used to construct or self-construct computers, machinery, equipment, replacement parts, and supplies are not exempt from sales and use tax under this rule. For sales occurring prior to July 1, 2016, see rule 701—18.58(422,423).

230.20(1) Required elements. To qualify for exemption under this rule, the purchaser must prove the property is:

- a.* Pollution-control equipment (see subrule 230.20(2)); and
- b.* Used by a manufacturer (see subrule 230.15(4)).

230.20(2) “Pollution-control equipment” is any disposal system or apparatus used or placed in operation primarily for the purpose of reducing, controlling, or eliminating air or water pollution. Other property, including replacement parts and supplies, is not exempt under this rule. Pollution-control

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equipment does not include any apparatus used to eliminate noise pollution. Liquid, solid, and gaseous wastes are included within the meaning of the word “pollution.” Pollution-control equipment specifically includes, but is not limited to, any equipment the use of which is required or certified by an agency of this state or of the United States government. Wastewater treatment equipment, dust mitigation systems, and scrubbers used in smokestacks are examples of pollution-control equipment. However, pollution-control equipment does not include any equipment used only for worker safety, such as a gas mask.

EXAMPLE: A manufacturer constructs a wastewater treatment facility to treat wastewater from its manufacturing facility. The wastewater treatment facility diverts wastewater from the local water treatment plant. The facility then converts wastewater into a biogas, which the manufacturer uses as an energy source in its manufacturing facility. The sales price of the pollution-control equipment used in the wastewater treatment facility is exempt from sales and use tax.

This rule is intended to implement Iowa Code section 423.3(47) “a”(6).

ITEM 12. Adopt the following **new** rule 701—230.21(423):

701—230.21(423) Exemption for the sale of fuel or electricity used in exempt property if the sale occurs on or after July 1, 2016. The sales price of fuel or electricity consumed by computers, machinery, or equipment that are exempt from sales and use tax under rule 701—230.14(423), 701—230.15(423), 701—230.16(423), 701—230.17(423), 701—230.19(423), or 701—230.20(423) is also exempt from sales and use tax. The sales price of electricity or other fuel consumed by replacement parts, supplies, or computers used in processing or storage of data or information by an insurance company, financial institution, or commercial enterprise remains subject to tax even if such property is exempt under rules 701—230.14(423) to 701—230.20(423). For sales occurring prior to July 1, 2016, see rule 701—18.58(422,423).

EXAMPLE: A manufacturer operates a power plant. The manufacturer uses energy from the power plant to operate machinery and equipment used directly and primarily in processing at its manufacturing facility. The fuel consumed in the manufacturer’s power plant is exempt from sales and use tax.

This rule is intended to implement Iowa Code section 423.3(47) “b.”

ITEM 13. Adopt the following **new** rule 701—230.22(423):

701—230.22(423) Exemption for the sale of services for designing or installing new industrial machinery or equipment if the sale occurs on or after July 1, 2016. The sales price from the services of designing or installing new industrial machinery or equipment is exempt from sales and use tax. The enumerated services of electrical or electronic installation are included in this exemption.

230.22(1) Required elements. To qualify for the exemption, the purchaser must prove the service is:

- a. A design or installation service (see subrule 230.22(2));
- b. Of new (see subrule 230.22(3)); and
- c. Industrial machinery or equipment (see subrule 230.22(4)).

230.22(2) Design or installation services include electrical and electronic installation. “Design or installation” services do not include any repair service.

230.22(3) “New” means never having been used or consumed by anyone. The exemption does not apply to design or installation services on reconstructed, rebuilt, repaired, or previously owned machinery or equipment.

230.22(4) Industrial machinery or equipment.

a. *Generally.* “Industrial machinery or equipment” means machinery or equipment, as defined in subrule 230.14(2). The sale of industrial machinery or equipment must also qualify for exemption under any of the following:

(1) Property used directly and primarily in processing by a manufacturer (see rule 701—230.15(423)).

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(2) Property used directly and primarily by a manufacturer to maintain the integrity of the manufacturer’s product or to maintain unique environmental conditions for computers, machinery, or equipment (see rule 701—230.16(423)).

(3) Property used directly and primarily in research and development of new products or processes of processing (see rule 701—230.17(423)).

(4) Property used directly and primarily in recycling or reprocessing of waste products (see rule 701—230.19(423)).

(5) Pollution-control equipment used by a manufacturer (see rule 701—230.20(423)).

b. *Exclusions.* The following property is not industrial machinery or equipment regardless of how the purchaser uses it:

(1) Computers (see paragraph 230.14(2) “a”).

(2) Replacement parts (see paragraph 230.14(2) “d”).

(3) Supplies (see paragraph 230.14(2) “e”).

(4) Materials used to construct or self-construct computers, machinery, equipment, replacement parts, or supplies (see paragraph 230.14(2) “f”).

230.22(5) Billing. The sales price for designing or installing new industrial machinery or equipment must be separately identified, charged separately, and reasonable in amount for the exemption to apply. The exemption applies to new industrial machinery or equipment regardless of how it is purchased, including leased or rented machinery or equipment.

EXAMPLE: Dealer sells and installs two new machines for Manufacturer. Manufacturer uses one machine on its production floor, where the machine is directly and primarily used in processing. Manufacturer uses the other machine in its machine shop, where the machine is not directly and primarily used in processing. Dealer gives an invoice to Manufacturer that separately itemizes the sales prices for each machine and each installation. The machine used on the production floor is new industrial machinery or equipment, and the sales prices of the machine and its installation are exempt from sales and use tax. The machine used in the machine shop is not new industrial machinery or equipment, and the sales prices of the machine and its installation are taxable.

This rule is intended to implement Iowa Code section 423.3(48).

TREASURER OF STATE

Notice—Public Funds Interest Rates

In compliance with Iowa Code chapter 74A and section 12C.6, the committee composed of Treasurer of State Michael L. Fitzgerald, Superintendent of Credit Unions JoAnn Johnson, Superintendent of Banking Ronald L. Hansen, and Auditor of State Mary Mosiman have established today the following rates of interest for public obligations and special assessments. The usury rate for July is 3.75%.

INTEREST RATES FOR PUBLIC OBLIGATIONS AND ASSESSMENTS

74A.2 Unpaid Warrants	Maximum 6.0%
74A.4 Special Assessments	Maximum 9.0%

RECOMMENDED Rates for Public Obligations (74A.3) and School District Warrants (74A.7). A rate equal to 75% of the Federal Reserve monthly published indices for U.S. Government securities of comparable maturities. All Financial Institutions as defined by Iowa Code section 12C.1 are eligible for public fund deposits as defined by Iowa Code section 12C.6A.

The rate of interest has been determined by a committee of the state of Iowa to be the minimum interest rate that shall be paid on public funds deposited in approved financial institutions. To be eligible to accept deposits of public funds of the state of Iowa, a financial institution shall demonstrate a commitment to serve the needs of the local community in which it is chartered to do business. These needs include credit services as well as deposit services. All such financial institutions are required to

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provide the committee with a written description of their commitment to provide credit services in the community. This statement is available for examination by citizens.

New official state interest rates, effective July 9, 2016, setting the minimums that may be paid by Iowa depositories on public funds are listed below.

TIME DEPOSITS

7-31 days	Minimum .05%
32-89 days	Minimum .05%
90-179 days	Minimum .05%
180-364 days	Minimum .05%
One year to 397 days	Minimum .05%
More than 397 days	Minimum .25%

These are minimum rates only. All time deposits are four-tenths of a percent below average rates. Public body treasurers and their depositories may negotiate a higher rate according to money market rates and conditions.

Inquiries may be sent to Michael L. Fitzgerald, Treasurer of State, State Capitol, Des Moines, Iowa 50319.

ARC 2620C

EDUCATION DEPARTMENT[281]

Adopted and Filed Emergency

Pursuant to the authority of Iowa Code sections 256.7(5), 17A.4(3), and 17A.5(2) and 2016 Iowa Acts, House File 2392, section 8, the State Board of Education hereby adopts new Chapter 49, “Individual Career and Academic Plan,” Iowa Administrative Code.

These rules establish that each student enrolled in grade eight shall have developed by the school district an individualized career and academic plan and that such a plan shall be reviewed and revised each succeeding year until the graduation of that student.

An agencywide waiver provision is provided in 281—Chapter 4.

Pursuant to Iowa Code section 17A.4(3), the State Board of Education finds that notice and public participation are unnecessary because this new chapter implements immediately the requirements of 2016 Iowa Acts, House File 2392, division I, which was effective upon enactment and which the school districts need to have implemented by the school year beginning July 1, 2016. In addition, House File 2392, section 8, permits the State Board of Education to adopt emergency rules for this purpose.

Pursuant to Iowa Code sections 17A.5(2)“b”(1)(a) and (b) and 2016 Iowa Acts, House File 2392, section 8, the State Board of Education further finds that the normal effective date of the amendment creating this new chapter, 35 days after publication, should be waived and that Chapter 49 should be made effective June 21, 2016.

These rules are also published herein under Notice of Intended Action as **ARC 2627C** to allow for public comment.

After analysis and review of this rule making, no impact on jobs has been found.

These rules are intended to implement Iowa Code section 279.61 as amended by 2016 Iowa Acts, House File 2392.

These rules became effective June 21, 2016.

The following amendment is adopted.

Adopt the following **new** 281—Chapter 49:

CHAPTER 49

INDIVIDUAL CAREER AND ACADEMIC PLAN

281—49.1(279) Purpose. For the school year beginning July 1, 2016, and each succeeding school year, the board of directors of each school district shall ensure each student in grade 8 develops and, in each succeeding year until graduation, reviews and revises an individualized career and academic plan.

281—49.2(279) Definitions. For purposes of this chapter, the following definitions shall apply:

“*Approved system*” means a vendor-provided career information and decision-making system which meets the requirements of rule 281—49.6(279).

“*Board*” means the board of directors of a public school district.

“*Career cluster*” means a nationally recognized framework for organizing and classifying career and technical education programs.

“*Comprehensive school improvement plan*” means the plan required of a school or school district pursuant to Iowa Code section 256.7(21)“a.”

“*Department*” means the Iowa department of education.

“*Director*” means the director of the Iowa department of education.

“*District plan*” means the career guidance plan developed by each school district detailing the delivery of career guidance in compliance with this chapter.

“*Educational program*” means the educational program as defined in rule 281—12.2(256).

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“*Plan*” means the individualized career and academic plan established under this chapter which is created by each student of the school district in eighth grade and which, at a minimum, meets the requirements of rule 281—49.3(279).

“*Postsecondary education and training options*” means postsecondary programs and pathways related to career interests, including apprenticeships and on-the-job training; military training; and industry-based certification, licensure, and diploma and degree programs offered by accredited professional colleges, technical and community colleges, and public and private baccalaureate colleges and universities.

“*School counseling program*” means the school counseling program established by Iowa Code section 256.11(9A).

“*Student*” means an enrolled student as defined in rule 281—12.2(256).

281—49.3(279) Individualized career and academic plan.

49.3(1) Requirements. The plan shall, at a minimum, achieve all of the following:

- a. Prepare the student for successful completion of the core curriculum developed by the state board of education pursuant to 281—Chapter 12 by the time the student graduates from high school.
- b. Identify the student’s postsecondary education and career options and goals.
- c. Identify the coursework needed in grades 9 through 12 to support the student’s postsecondary education and career options and goals.
- d. Prepare the student to successfully complete, prior to graduation and following a timeline included in the plan, the essential components prescribed in rule 281—49.4(279).

49.3(2) Progress report. The school district shall report annually to each student enrolled in grades 9 through 12, and, if the student is under the age of 18, to each student’s parent or guardian, the student’s progress toward meeting the goal of successfully completing the core curriculum and high school graduation requirements adopted by the state board of education pursuant to 281—Chapter 12 and toward achieving the goals of the student’s career and academic plan.

281—49.4(279) Essential components. The district shall engage each student in activities which support the following essential components of the plan:

49.4(1) Self-understanding. Students shall engage in developmentally appropriate inventories and assessments that promote self-understanding, the connection to work, and engage in meaningful reflective activities about the results. Inventories and assessments may include, but are not limited to, interest inventories; work values assessments; personal values inventories; abilities, strengths, and skills assessments; career cluster assessments; learning styles inventories; and noncognitive skills assessments.

49.4(2) Career information. Students shall research careers based on self-understanding results and engage in meaningful reflection about the findings. Career information shall include, but is not limited to, state and national wage, earning, and employment outlook data for a given occupation; job descriptions, including such information as essential duties, aptitudes, work conditions, and physical demands; and training and education requirements.

49.4(3) Career exploration. Students shall engage in activities that reveal connections among school-based instruction, career clusters, and the world of work and engage in meaningful reflection. Career exploration experiences may be face-to-face or virtual and may include, but are not limited to, job tours, career days or career fairs, and other work-based learning activities.

49.4(4) Postsecondary exploration. Students shall engage in activities to explore relevant postsecondary education and training options related to career interests and engage in meaningful reflection on the exploration experience. Postsecondary exploration activities may be face-to-face or virtual and may include, but are not limited to, site or campus visits; career, employment, or college fairs; and visits with recruiters and representatives of postsecondary education and training options.

49.4(5) Career and postsecondary decision. Students shall complete relevant activities to meet their postsecondary goals consistent with the plan and stated postsecondary intention. Relevant career and postsecondary decision activities may include, but are not limited to, completion of required college

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or university admission or placement examinations; completion of relevant entrance applications and documents or job applications, résumés, and cover letters; completion of financial aid and scholarship applications; and review and comparison of award letters and completion requirements for different postsecondary options, such as annual financial aid requirements, the role of remedial courses, course-of-study requirements, and the role of the academic advisory.

281—49.5(279) District plan.

49.5(1) Components of district plan. The school district shall develop a written career guidance plan. The district plan shall include the following components:

a. The district shall, at a minimum, describe the following aspects of the district plan.

(1) The activities to be undertaken in each grade level to achieve the requirements of rule 281—49.3(279).

(2) Integration of the career guidance plan with the district's comprehensive school improvement plan and school guidance counseling program.

(3) At the district's discretion, any additional outcomes to be integrated into the career guidance system.

b. Designation of team. The superintendent of each school district shall designate a team of education practitioners to carry out the duties assigned to the school district under this rule. The district plan shall include a list, by job position, of the designated district team.

(1) Team composition. The team shall include, but not be limited to, a school administrator, a school counselor, teachers, including career and technical education teachers, and individuals responsible for coordinating work-based learning activities.

(2) Duties. The team shall be responsible for the following:

1. Implementation of the district plan.

2. Annually reviewing and, as necessary, proposing to the board of directors of the school district revisions to the district plan.

3. Coordination of activities which integrate essential components into classroom instruction and other facets of the school district's educational program.

4. Regularly consulting with representatives of employers, state and local workforce systems and centers, higher education institutions, and postsecondary training programs to ensure activities are relevant and align with the labor and workforce needs of the region and state.

49.5(2) Maintenance of district plan. The district plan shall regularly be reviewed and revised by the team and the board.

281—49.6(279) Career information and decision-making systems. Each district shall use a career information and decision-making system approved by the department.

49.6(1) Approval process. The department shall establish a process for the review and approval of vendor-provided career information and decision-making systems from which districts shall choose in compliance with this chapter.

49.6(2) State designated system. The department shall establish a process for the review and approval of a single state-designated career information and decision-making system from among the systems approved through the process established in subrule 49.6(1) which districts may use in compliance with this chapter.

49.6(3) Minimum functions of approved systems. An approved system shall, at a minimum, support the requirements of rule 281—49.3(279) and meet the following minimum requirements:

a. Allow for the creation of student accounts, which allow a student to store and access the results and information gathered from the inventories, searches, and associated activities outlined in paragraphs "b" through "d" of this subrule.

b. Include developmentally appropriate inventories and assessments that promote self-understanding and the connection to work. Inventories and assessments shall include, but not be limited to, an interest inventory; a work values assessment; and an abilities, strengths, or skills assessment.

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c. Include a search platform for career information. The platform shall allow a student to access and review career information related to the results of the inventories listed in paragraph “*b*” of this subrule. Career information shall include, but not be limited to, current and accurate state and national wage, earning, and employment outlook data for a given occupation; job descriptions, including such information as essential duties and aptitudes; and training and education requirements. The career information search platform shall, at a minimum, allow a student to sort information by wage and earning, career cluster, and training and education requirements.

d. Include a search platform for postsecondary information. Postsecondary information shall include, but not be limited to, a current, accurate, and comprehensive database of accredited professional colleges, technical and community colleges, and public and private baccalaureate colleges and universities; and include or provide links to apprenticeship and military opportunities. The postsecondary information search platform shall, at a minimum, allow a student to sort information by program and degree type, institution type, location, size of enrollment, and affiliation and appropriate institutional characteristics, such as designation as a historically black college and university or Hispanic-serving institution, and religious affiliation.

e. Track basic utilization for the functions outlined in paragraphs “*a*” through “*d*” of this subrule. Districts shall have the ability to generate and export a report on the utilization statistics.

f. Ensure compliance with applicable federal and state civil rights laws.

g. Disclose the source and age of, as well as frequency of updates to, all information and data.

h. Provide auxiliary services including, but not limited to:

- (1) A process for districts to submit comments, feedback, and modification requests to the vendor.
- (2) Technical assistance during regular school district operating hours.
- (3) Appropriate training for users.

281—49.7(279) Compliance. The director shall monitor school districts for compliance with the provisions of this chapter through the accreditation process established for school districts under 281—Chapter 12.

49.7(1) Maintenance of student records. Each school district shall maintain evidence of student completion of the requirements of the plan established in rule 281—49.3(279) in the student’s cumulative record as required by 281—subrule 12.3(4). Evidence shall consist of a copy of the student’s plan developed in eighth grade which is signed by the student’s parent or guardian.

49.7(2) Reporting. For the school year beginning July 1, 2016, and each succeeding school year, the board of directors of each school district shall submit to the local community, and to the department as a component of the school district’s comprehensive school improvement plan required by 281—Chapter 12, an annual report on student utilization of the district’s career information and decision-making system.

49.7(3) Department report. The department shall include in its annual condition of education report a review of school district and student performance required under this chapter.

49.7(4) Corrective action. If a school district is not in substantial compliance with the provisions of this chapter, the school district shall submit an action plan to the director for approval. The plan must outline the steps to be taken to ensure substantial compliance with the provisions of this chapter.

These rules are intended to implement Iowa Code section 279.61 as amended by 2016 Iowa Acts, House File 2392.

[Filed Emergency 6/21/16, effective 6/21/16]

[Published 7/20/16]

EDITOR’S NOTE: For replacement pages for IAC, see IAC Supplement 7/20/16.

ARC 2631C

EDUCATIONAL EXAMINERS BOARD[282]

Adopted and Filed

Pursuant to the authority of Iowa Code section 272.2(1)“a,” the Board of Educational Examiners hereby amends Chapter 18, “Issuance of Administrator Licenses and Endorsements,” Iowa Administrative Code.

These amendments clarify language regarding temporary permits for administrators, adjust the experience requirement for an initial administrator license to mirror the experience requirement for superintendent licensure, correct conflicting language regarding the administrative experience required for superintendents, and strike language setting forth different endorsements and requirements for out-of-state candidates.

Notice of Intended Action was published in the Iowa Administrative Bulletin as **ARC 2454C** on March 16, 2016. A public hearing was held on April 6, 2016, and written comments were accepted until April 8, 2016. No one attended the hearing. The Board received one written comment that opposed the adjustment in the experience requirement for the initial administrator license.

As a result, the language regarding the years of teaching and administrative experience required for principals has been adjusted to reflect the Board’s desire to directly mirror the experience requirement for superintendents and to address concerns received through public comment regarding the need for additional experience before a person may become a principal.

There is an agencywide waiver provision available in 282—Chapter 6.

The Board of Educational Examiners adopted this amendment on June 17, 2016.

After analysis and review of this rule making, there is no anticipated impact on jobs.

These amendments are intended to implement Iowa Code section 272.2(1)“a.”

These amendments will become effective August 24, 2016.

The following amendments are adopted.

ITEM 1. Amend rule 282—18.1(272) as follows:

282—18.1(272) All applicants desiring an Iowa administrator license.

18.1(1) Administrator licenses. Administrator licenses are issued upon application filed on a form provided by the board of educational examiners and upon completion of the background check requirements set forth in rule 282—13.1(272).

18.1(2) Temporary permits. ~~The executive director may issue a temporary permit to an applicant for any type of license, certification, or authorization issued by the board, after receipt of a fully completed application; determination that the applicant meets all applicable prerequisites for issuance of the license, certification, or authorization; and satisfactory evaluation of the Iowa criminal history background check. The temporary permit shall serve as evidence of the applicant’s authorization to hold a position in Iowa schools, pending the satisfactory completion of the national criminal history background check. The temporary permit shall expire upon issuance of the requested license, certification, or authorization or 90 days from the date of issuance of the permit, whichever occurs first, unless the temporary permit is extended upon a finding of good cause by the executive director.~~ The executive director may issue a temporary permit to an applicant for any type of license, certification, or authorization issued by the board, after receipt of a fully completed application; determination that the applicant meets all applicable prerequisites for issuance of the license, certification, or authorization; and satisfactory evaluation of the Iowa criminal history background check. The temporary permit shall serve as evidence of the applicant’s authorization to hold a position in Iowa schools, pending the satisfactory completion of the national criminal history background check. The temporary permit shall expire upon issuance of the requested license, certification, or authorization or 90 days from the date of issuance of the permit, whichever occurs first, unless the temporary permit is extended upon a finding of good cause by the executive director.

EDUCATIONAL EXAMINERS BOARD[282](cont'd)

ITEM 2. Amend subrule 18.4(4) as follows:

18.4(4) *Specific requirements for an initial administrator license for applicants who have completed a professional service endorsement.* An initial administrator license valid for one year may be issued to an applicant who:

- a. Is the holder of an Iowa professional service license; and
- b. Has three years of experience in an educational setting in the professional service endorsement area or has six years of professional service and administrative experience provided that at least two years are professional service experience; and
- c. Has completed a state-approved PK-12 principal and PK-12 supervisor of special education program (see subrule 18.9(1)); and
- d. Is assuming a position as a PK-12 principal and PK-12 supervisor of special education (see subrule 18.9(1)) for the first time or has one year of out-of-state or nonpublic administrative experience; and
- e. Has completed the required coursework in human relations, cultural competency, diverse learners and reading instruction set forth in 281—subrules 79.15(2) and 79.15(3); and
- f. Has completed the professional education core in 281—paragraphs 79.15(5) “b” to “k”; and
- g. Has completed an evaluator approval program.

ITEM 3. Amend rule 282—18.8(272) as follows:

282—18.8(272) Specific requirements for a Class B license. A nonrenewable Class B license valid for two years may be issued to an individual under the following conditions:

18.8(1) *Endorsement in progress.* The individual has a valid Iowa teaching license but is seeking to obtain an administrator endorsement. A Class B license may be issued if requested by an employer and the individual seeking this endorsement has completed at least 75 percent of the requirements leading to completion of all requirements for this endorsement.

18.8(2) *Experience requirement.*

a. *Principal endorsement.* For the principal endorsement, ~~three years of teaching experience must have been met before application for the Class B license~~ the applicant must meet the experience requirement set forth in subparagraph 18.9(1) “c”(1).

b. *Superintendent endorsement.* For the superintendent endorsement, ~~three years of teaching experience and three years as a building principal or other PK-12 districtwide or intermediate agency experience are acceptable for becoming a superintendent, and must have been met before application for the Class B license~~ the applicant must meet the experience requirement set forth in subrule 18.10(3).

18.8(3) *Request for exception.* Rescinded IAB 2/23/11, effective 3/30/11.

ITEM 4. Amend rule 282—18.9(272) as follows:

282—18.9(272) Area and grade levels of administrator endorsements.

18.9(1) *PK-12 principal and PK-12 supervisor of special education.*

a. and b. No change.

c. *Other.*

(1) The applicant must have had three years of teaching experience at the early childhood through grade twelve level while holding a valid license or have had six years of teaching and administrative experience while holding a valid license, provided that at least two years are teaching experience.

(2) Graduates from out-of-state institutions who are seeking initial Iowa licensure and the PK-12 principal and PK-12 supervisor of special education endorsement must meet the coursework requirements for the standard an Iowa teaching license in addition to the experience requirements.

~~**18.9(2)** *PK-8 principal—out-of-state applicants.* This endorsement is only for applicants from out-of-state institutions.~~

a. ~~*Authorization.* The holder of this endorsement is authorized to serve as a principal of programs serving children from birth through grade eight.~~

b. ~~*Program requirements.*~~

EDUCATIONAL EXAMINERS BOARD[282](cont'd)

- (1) ~~Degree—master's.~~
- (2) ~~Content: Completion of a sequence of courses and experiences which may have been a part of, or in addition to, the degree requirements.~~
- ~~1. Knowledge of early childhood, elementary, and early adolescent level administration, supervision, and evaluation.~~
 - ~~2. Knowledge and skill related to early childhood, elementary, and early adolescent level curriculum development.~~
 - ~~3. Knowledge of child growth and development from birth through early adolescence and developmentally appropriate strategies and practices of early childhood, elementary, and early adolescence, to include an observation practicum.~~
 - ~~4. Knowledge of family support systems, factors which place families at risk, child care issues, and home-school-community relationships and interactions designed to promote parent education, family involvement, and interagency collaboration.~~
 - ~~5. Knowledge of school law and legislative and public policy issues affecting children and families.~~
 - ~~6. Planned field experiences in early childhood and elementary or early adolescent school administration.~~
 - ~~7. Completion of evaluator training component.~~
 - ~~8. Competencies: Completion of a sequence of courses and experiences which may have been a part of, or in addition to, the degree requirements. A school administrator is an educational leader who promotes the success of all students by accomplishing the following competencies.~~
 - ~~• Facilitates the development, articulation, implementation, and stewardship of a vision of learning that is shared and supported by the school community.~~
 - ~~• Advocates, nurtures, and sustains a school culture and instructional program conducive to student learning and staff professional growth.~~
 - ~~• Ensures management of the organization, operations, and resources for a safe, efficient, and effective learning environment.~~
 - ~~• Collaborates with families and community members, responds to diverse community interests and needs, and mobilizes community resources.~~
 - ~~• Acts with integrity, fairness, and in an ethical manner.~~
 - ~~• Understands, responds to, and influences the larger political, social, economic, legal, and cultural context.~~
- ~~e. Other. The applicant must have had three years of teaching experience at the early childhood through grade eight level while holding a valid license.~~
- ~~**18.9(3) 5-12 principal—out-of-state applicants.** This endorsement is only for applicants from out-of-state institutions.~~
- ~~a. Authorization. The holder of this endorsement is authorized to serve as a principal in grades five through twelve.~~
 - ~~b. Program requirements.~~
 - ~~(1) Degree—master's.~~
 - ~~(2) Content: Completion of a sequence of courses and experiences which may have been a part of, or in addition to, the degree requirements.~~
 - ~~1. Knowledge of early adolescent and secondary level administration, supervision, and evaluation.~~
 - ~~2. Knowledge and skill related to early adolescent and secondary level curriculum development.~~
 - ~~3. Knowledge of human growth and development from early adolescence through early adulthood, to include an observation practicum.~~
 - ~~4. Knowledge of family support systems, factors which place families at risk, and home-school community relationships and interactions designed to promote parent education, family involvement, and interagency collaboration.~~
 - ~~5. Knowledge of school law and legislative and public policy issues affecting children and families.~~
 - ~~6. Planned field experiences in early adolescence or secondary school administration.~~

EDUCATIONAL EXAMINERS BOARD[282](cont'd)

7. ~~Completion of evaluator training component.~~
8. ~~Competencies: Completion of a sequence of courses and experiences which may have been a part of, or in addition to, the degree requirements. A school administrator is an educational leader who promotes the success of all students by accomplishing the following competencies.~~
- ~~• Facilitates the development, articulation, implementation, and stewardship of a vision of learning that is shared and supported by the school community.~~
 - ~~• Advocates, nurtures, and sustains a school culture and instructional program conducive to student learning and staff professional growth.~~
 - ~~• Ensures management of the organization, operations, and resources for a safe, efficient, and effective learning environment.~~
 - ~~• Collaborates with families and community members, responds to diverse community interests and needs, and mobilizes community resources.~~
 - ~~• Acts with integrity, fairness, and in an ethical manner.~~
 - ~~• Understands, responds to, and influences the larger political, social, economic, legal, and cultural context.~~
- e. ~~Other: The applicant must have had three years of teaching experience at the secondary level (5-12) while holding a valid license.~~

ITEM 5. Amend subrule 18.11(2) as follows:

18.11(2) Program requirements.

a. to c. No change.

d. *Experience.* An applicant must have ~~three years of administrative experience as a PK-12 principal or PK-12 supervisor of special education~~ meet the experience requirement set forth in 18.10(3).

e. No change.

[Filed 6/27/16, effective 8/24/16]

[Published 7/20/16]

EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 7/20/16.

ARC 2622C

LIBRARIES AND INFORMATION SERVICES DIVISION[286]

Adopted and Filed

Pursuant to the authority of Iowa Code section 256.52, the Commission of Libraries hereby amends Chapter 1, "Organization and Operation," Iowa Administrative Code.

These amendments are intended to provide updates to the Division's administrative rules.

Notice of Intended Action was published in the Iowa Administrative Bulletin as **ARC 2510C** on April 27, 2016. No public comments were received on this rule making. These amendments are identical to those published under Notice of Intended Action.

These amendments are subject to waiver pursuant to 286—Chapter 10.

After analysis and review of this rule making, there is no anticipated impact on jobs.

These amendments are intended to implement Iowa Code section 256.51.

These amendments will become effective August 24, 2016.

The following amendments are adopted.

ITEM 1. Amend rule 286—1.3(256) as follows:

286—1.3(256) Organization and operation.

1.3(1) Location. The state library is located at ~~East 12th Street and 1112 East Grand Avenue~~, Des Moines, Iowa 50319; telephone (515)281-4105; fax (515)281-6191. Business hours are 8 a.m. to 4:30 p.m., Monday through Friday, excepting legal holidays.

LIBRARIES AND INFORMATION SERVICES DIVISION[286](cont'd)

1.3(2) Units. The state library consists of ~~seven~~ four units: library development (includes the LSTA Grant Program, public library accreditation, library staff certification, ~~Open Access, Access Plus, Enrich Iowa,~~ continuing education and consulting); information services (includes ~~public policy, the state medical, federal documents,~~ state documents, ~~and patents depository~~ the state documents depository program, special collections, the state law library, and technical services); ~~the state law library; technical services (includes the state documents depository program);~~ the state data center; audiovisual services; and administration.

1.3(3) Commission of libraries. The commission of libraries consists of ~~eight~~ nine members as defined in Iowa Code section 256.52. The commission shall meet at a time and place specified by the chair. Notice of a meeting and the agenda will be posted at the state library at least 24 hours prior to the meeting and shall be mailed to any interested individual or organization upon request. The operation of commission meetings shall be governed by the following procedures:

- a. A quorum shall consist of five members.
- b. Any action taken by the commission requires an affirmative vote by at least five members.
- c. Persons wishing to appear before the commission shall submit a written request to the state librarian not less than 14 days prior to a meeting. Presentations shall be allowed at the discretion of the chair. Persons wishing to submit written material shall do so at least 14 days prior to a meeting so that commission members have adequate time to receive and evaluate the material.
- d. Near the conclusion of each meeting, the chair shall set the date, time and location of the next meeting.

1.3(4) Minutes. ~~Minutes of commission meetings are available for inspection at the state librarian's office during regular business hours. Copies of minutes are available upon request at no charge, allowing for reasonable transcription time. Current and archived minutes of commission meetings can be viewed and copied free of charge at the state library. The current and archived minutes are also accessible on the state library's Web site.~~

ITEM 2. Adopt the following new subrule 1.3(5):

1.3(5) Library services advisory panel. The library services advisory panel consists of no fewer than 11 members as defined in Iowa Code section 256.62. The advisory panel shall meet at a time and place specified by the chair. Notice of a meeting and the agenda will be posted at the state library at least 24 hours prior to the meeting and shall be made available to any interested individual or organization upon request.

ITEM 3. Amend rule 286—1.4(256) as follows:

286—1.4(256) Information delivery.

1.4(1) Photocopies of library materials for Iowa residents. The state library will provide library service to any resident of Iowa. To ensure the availability of high-demand library materials for in-house use, the state library may choose not to lend specific library items. In lieu of lending the original item, the library may choose to provide a photocopy of the requested material at a nominal charge of 20 cents per page. ~~Materials may be faxed at a cost of \$2 for the first page and \$1 for each additional page including the cover sheet. Priority delivery services may also be requested by the borrower at additional expense.~~

1.4(2) Photocopies of library materials for nonresidents of Iowa. To encourage interstate resource sharing, the state library may enter into reciprocal free interlibrary loan photocopy agreements with out-of-state libraries. For other out-of-state businesses and residents, the state library will charge ~~the following fees:~~ a \$15 handling fee plus 20 cents per page.

First 10 pages	\$7 minimum
11-20	9
21-30	10
31-50	12
Over 50	12 plus 20¢ per page

LIBRARIES AND INFORMATION SERVICES DIVISION[286](cont'd)

~~Materials may be faxed (no more than 20 pages) at a cost of \$2 for the first page and \$1 for each additional page including the cover sheet.~~

~~Priority delivery services may also be requested by the borrower at additional cost to the borrower.~~

This rule shall not preclude the state library from participating in interstate library compacts to support reciprocal resource sharing.

ITEM 4. Amend rule 286—1.5(256) as follows:

286—1.5(256) Access to library's collections.

~~1.5(1) The state library's materials collections are housed in the Historical Ola Babcock Miller State Office Building, East 12th Street and 1112 East Grand Avenue, Des Moines, and in the State Capitol Building. Both buildings are listed on the National Register of Historic Places under the National Historic Preservation Act and are accessible to the disabled.~~

1.5(2) Primary research and study areas of the library's two locations are accessible to the disabled; however, upper tiers are generally closed to all public access. Staff may authorize access on a case-by-case basis or will retrieve materials requested by library users.

ITEM 5. Amend rule 286—1.6(256) as follows:

286—1.6(256) Collection policy of the library. ~~Purpose~~ The purpose of this policy is to define the intended coverage and clientele; establish collection management and selection policies; provide staff with the means to ensure consistency, responsiveness, and wise use of funds in collection building; assist in development of performance measures; establish priorities to guide budget allocations and cataloging and preservation decisions; and document the library's commitment to intellectual freedom.

~~SEE: Collection Policy. State Library of Iowa, May 28, 1993~~ April 2016.

ITEM 6. Amend subrule 1.7(5) as follows:

1.7(5) Procedure.

a. The appropriate unit supervisor shall recommend ~~and justify in writing~~ to the state librarian those materials to be deaccessioned.

b. and c. No change.

[Filed 6/23/16, effective 8/24/16]

[Published 7/20/16]

EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 7/20/16.

ARC 2623C

LIBRARIES AND INFORMATION SERVICES DIVISION[286]

Adopted and Filed

Pursuant to the authority of Iowa Code section 256.52, the Commission of Libraries hereby amends Chapter 2, "Public Records and Fair Information Practices," Iowa Administrative Code.

The purpose of this amendment is to update the address of the State Library.

Notice of Intended Action was published in the Iowa Administrative Bulletin as **ARC 2511C** on April 27, 2016. No public comments were received on this rule making. This amendment is identical to that published under Notice of Intended Action.

This amendment is subject to waiver pursuant to 286—Chapter 10.

After analysis and review of this rule making, there is no anticipated impact on jobs.

This amendment is intended to implement Iowa Code section 256.51.

This amendment will become effective August 24, 2016.

The following amendment is adopted.

LIBRARIES AND INFORMATION SERVICES DIVISION[286](cont'd)

Amend subrule 2.3(1) as follows:

2.3(1) Location of record. In lieu of the words “(insert agency head)”, insert “state librarian”. Also in lieu of the words “(insert agency name and address)”, insert “State Librarian, State Library of Iowa, 1112 East 12th Street and Grand Avenue, Des Moines, Iowa 50319”.

[Filed 6/23/16, effective 8/24/16]

[Published 7/20/16]

EDITOR’S NOTE: For replacement pages for IAC, see IAC Supplement 7/20/16.

ARC 2626C**LIBRARIES AND INFORMATION SERVICES DIVISION[286]****Adopted and Filed**

Pursuant to the authority of Iowa Code section 256.52, the Commission of Libraries hereby rescinds Chapter 4, “ICN Classroom Policy,” Iowa Administrative Code.

Chapter 4 is rescinded because the State Library no longer has an ICN classroom available for use.

Notice of Intended Action was published in the Iowa Administrative Bulletin as **ARC 2515C** on April 27, 2016. No public comments were received on this rule making. This amendment is identical to that published under Notice of Intended Action.

After analysis and review of this rule making, there is no anticipated impact on jobs.

This amendment is intended to implement Iowa Code section 256.51.

This amendment will become effective August 24, 2016.

The following amendment is adopted.

Rescind and reserve **286—Chapter 4**.

[Filed 6/23/16, effective 8/24/16]

[Published 7/20/16]

EDITOR’S NOTE: For replacement pages for IAC, see IAC Supplement 7/20/16.

ARC 2625C**LIBRARIES AND INFORMATION SERVICES DIVISION[286]****Adopted and Filed**

Pursuant to the authority of Iowa Code section 256.52, the Commission of Libraries hereby amends Chapter 7, “Internet Use Policy,” Iowa Administrative Code.

These amendments are intended to bring the Libraries and Information Services Division into compliance with the Children’s Internet Protection Act (Pub. L. No. 106-554 and 47 USC 254(h)) and provide updates to the Division’s administrative rules.

Notice of Intended Action was published in the Iowa Administrative Bulletin as **ARC 2514C** on April 27, 2016. No public comments were received on this rule making. These amendments are identical to those published under Notice of Intended Action.

These amendments are subject to waiver pursuant to 286—Chapter 10.

After analysis and review of this rule making, there is no anticipated impact on jobs.

These amendments are intended to implement Iowa Code section 256.51.

These amendments will become effective August 24, 2016.

The following amendments are adopted.

LIBRARIES AND INFORMATION SERVICES DIVISION[286](cont'd)

ITEM 1. Amend rule 286—7.1(256) as follows:

286—7.1(256) Rights and responsibilities.

7.1(1) The state library expects the use of all its electronic sources such as the Internet to be responsible, ethical, and legal, and consistent with the purpose for which those resources are provided. The state library complies with the Children's Internet Protection Act (Pub. L. No. 106-554 and 47 USC 254(h)). To this end:

a. The state library affirms the right of every individual to have access to constitutionally protected material as stated in the library's collection development policy.

b. Parents or guardians, not the library or its staff, are responsible for the Internet use by their children.

c. Internet access is provided in a public area shared by users of all ages, backgrounds, and sensibilities. Users should consider this when accessing potentially controversial information and images.

d. The state library reserves the right to ask users to discontinue the display of information and images which cause a disruption.

e. Users should respect the privacy of other Internet users by not observing what sites others are accessing.

f. Users will not misrepresent themselves as any other user; will not attempt to modify or gain access to files, passwords, or data belonging to others; will not seek unauthorized access to any computer system, ~~or,~~ and will not damage or alter software components of any network or database.

g. Illegal activities subject to prosecution include:

(1) Destruction of or damage to equipment, software, or data belonging to the library;

(2) Violation of computer system security or system configuration;

(3) Violation of the copyright laws of the United States;

(4) Downloading or provision of child pornography or display of pornography where it may be seen by children.

h. To the extent practical, steps shall be taken to promote the safety and security of users of the Internet when they are using electronic mail, chat rooms, instant messaging and other forms of direct electronic communications.

i. Safety and security of minors.

(1) Prevention of inappropriate network usage.

1. Technology measures shall be used to prevent unauthorized access and other unlawful activities.

2. Technology measures shall be used to prevent unauthorized disclosure, use, and dissemination of personal identification information.

(2) Prevention of access to inappropriate material.

1. Technology protection measures, i.e., Internet filters, shall be used to block or filter access to inappropriate material on the Internet.

2. Blocking shall be applied to visual depictions of material deemed obscene, to child pornography, or to any material deemed harmful to minors.

3. Technology protection measures may be disabled by library staff for adults or, in the case of minors, minimized for bona fide research or other lawful purposes.

7.1(2) Violation of this computer use policy shall result in the loss of computer privileges and may lead to financial responsibility. Illegal activities will be prosecuted.

ITEM 2. Amend rule 286—7.2(256) as follows:

286—7.2(256) Access to Internet computers.

4. **7.2(1)** The Internet is available for any user who visits the state library. Access is on a first-come, first-served basis. Appointments are not accepted, but users are welcome to call ahead to check availability.

LIBRARIES AND INFORMATION SERVICES DIVISION[286](cont'd)

~~2. 7.2(2)~~ Internet computers are available for use during the library's normal business hours. Use must be completed 15 minutes prior to the library's closing. The Internet may be unavailable due to unforeseen problems with hardware, software or telecommunications.

~~3. 7.2(3)~~ Users may be asked to log their beginning time at the main desk before using the computer for Internet access. Initial use will be limited to one hour. If no other users are waiting, use time may be extended at the discretion of the librarian on duty. State employees have unlimited Internet use. Non-state employees can use the Internet up to one hour each day.

4. 7.2(4) While respecting individual users' right to privacy, state library staff reserves the right to monitor use of Internet workstations to ensure compliance with this policy. Staff may ask users to remove themselves from library equipment if observed behavior is in conflict with this policy.

~~5. 7.2(5)~~ Staff use of computers for research and maintenance may, at times, supersede users' access.

ITEM 3. Rescind and reserve rules **286—7.3(256)** and **286—7.4(256)**.

ITEM 4. Amend rule 286—7.5(256) as follows:

~~**286—7.5(256) Downloading and saving files.** Downloading will be allowed only for selected files, such as census data or government documents not available in print format. Such files may be saved only to floppy disk on the A: drive, never to the hard disk. Users must purchase a clean disk from the main desk for downloading. Users cannot use their own disks. Downloaded files cannot be viewed on the state library computers. Users cannot load or read their own disks on the state library computers.~~

~~Downloaded files may contain viruses. The state library is not responsible for damage to a user's computer, or for any loss of data or damage to files on a user's computer as a result of downloaded files. Downloading and saving files to the user's own portable device is allowed. Files saved to the computer's drives are erased at the end of each user's session.~~

ITEM 5. Amend rule 286—7.6(256) as follows:

286—7.6(256) Staff assistance.

~~1. Users are expected to have a basic knowledge of computer use and the Internet. Staff cannot provide in-depth training for users, but will provide information on training classes in the area. An online tutorial will be available for users not familiar with the Internet.~~

2. 7.6(1) State library staff will answer basic questions about Internet use or help locate resources. Internet reference books are available in the library's collection.

~~3. 7.6(2)~~ Staff reserves the right to waive the procedures contained in this document as circumstances warrant.

[Filed 6/23/16, effective 8/24/16]

[Published 7/20/16]

EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 7/20/16.

ARC 2624C

LIBRARIES AND INFORMATION SERVICES DIVISION[286]

Adopted and Filed

Pursuant to the authority of Iowa Code section 256.52, the Commission of Libraries hereby rescinds Chapter 8, "Iowa Regional Library System," and Chapter 9, "Appointment Process for Library Service Area Boards of Trustees," Iowa Administrative Code.

Chapters 8 and 9 are being rescinded because Iowa Code sections 256.60 and 256.61, which the chapters implement, have been repealed.

Notice of Intended Action was published in the Iowa Administrative Bulletin as **ARC 2513C** on April 27, 2016. No public comments were received on this rule making. This amendment is identical to that published under Notice of Intended Action.

LIBRARIES AND INFORMATION SERVICES DIVISION[286](cont'd)

After analysis and review of this rule making, there is no anticipated impact on jobs. This amendment is intended to implement 2011 Iowa Acts, chapter 132, section 66. This amendment will become effective August 24, 2016. The following amendment is adopted.

Rescind and reserve **286—Chapter 8 and Chapter 9.**

[Filed 6/23/16, effective 8/24/16]

[Published 7/20/16]

EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 7/20/16.

ARC 2632C

REVENUE DEPARTMENT[701]

Adopted and Filed

Pursuant to the authority of Iowa Code section 422.68, the Department of Revenue hereby amends Chapter 42, "Adjustments to Computed Tax and Tax Credits," Chapter 52, "Filing Returns, Payment of Tax, Penalty and Interest, and Tax Credits," and Chapter 58, "Filing Returns, Payment of Tax, Penalty and Interest, and Tax Credits," Iowa Administrative Code.

These amendments update the rules on tax credits for investments in qualifying businesses and community-based seed capital funds, also known as the "Angel Investor Tax Credit Program." These amendments are necessary to implement 2015 Iowa Acts, chapter 138, and to restructure existing language to provide clarity.

Notice of Intended Action was published in the Iowa Administrative Bulletin as **ARC 2547C** on May 25, 2016. No public comments were received on this rule making. These amendments are identical to those published under Notice of Intended Action.

Any person who believes that the application of the discretionary provisions of these amendments would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any.

The Department of Revenue adopted these amendments on June 29, 2016.

After analysis and review of this rule making, no impact on jobs has been found.

These amendments are intended to implement Iowa Code sections 15E.41 to 15E.46, 422.11F, 422.33, and 422.60.

These amendments will become effective August 24, 2016.

The following amendments are adopted.

ITEM 1. Amend subrule 42.22(1) as follows:

42.22(1) *Investment tax credit for an equity investment in a qualifying business or community-based seed capital fund.*

a. Equity investments in a qualifying business or community-based seed capital fund before January 1, 2011. See rule 123—2.1(15E) for the discussion of the investment tax credit for an equity investment in a qualifying business or community-based seed capital fund, along with the issuance of tax credit certificates by the Iowa capital investment board, for equity investments made before January 1, 2011. For equity investments made in a qualifying business prior to January 1, 2004, only direct investments made by an individual are eligible for the investment tax credit. Individuals receiving income from a revocable trust's investment in a qualifying business are eligible for the investment tax credit for the portion of the revocable trust's equity investment in a qualifying business.

b. Equity investments in a qualifying business or community-based seed capital fund on or after January 1, 2011, and before July 2, 2015. For equity investments made on or after January 1, 2011, see 261—Chapter 115 for information regarding eligibility for qualifying businesses and community-based seed capital funds, applications for the investment tax credit for equity investments in a qualifying

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business or community-based seed capital fund, and the issuance of tax credit certificates by the economic development authority.

(1) Certificate issuance. The department of revenue will be notified by the ~~Iowa capital investment board or the economic development authority~~ when the tax credit certificates are issued.

(2) Amount of the tax credit. The credit is equal to 20 percent of the taxpayer's equity investment in a qualifying business or community-based seed capital fund.

(3) Year in which the tax credit may be claimed. An investment shall be deemed to have been made on the same date as the date of acquisition of the equity interest as determined by the Internal Revenue Code. For investments made prior to January 1, 2014, a taxpayer shall not claim the tax credit prior to the third tax year following the tax year in which the investment is made. For investments made in qualifying businesses on or after January 1, 2014, the credit can be claimed in the year of the investment. However, for investments made in qualifying businesses during the 2014 calendar year, the credit cannot be redeemed prior to January 1, 2016. For example, if an individual taxpayer whose tax year ends on December 31, 2012, makes an equity investment during the 2012 calendar year, the individual taxpayer cannot claim the tax credit until the tax year ending December 31, 2015. However, if the taxpayer dies prior to redeeming the tax credit, the remaining tax credit may be redeemed on the decedent's final income tax return. For fiscal years beginning July 1, 2011, the amount of tax credits authorized cannot exceed \$2 million. The tax credit certificate must be included with the taxpayer's return for the tax year in which the credit may be redeemed as stated on the tax credit certificate.

(4) Carried over tax credits. If a tax credit is carried over and issued for the tax year immediately following the year in which the investment was made because the \$2 million cap has been reached, the tax credit may be claimed by the taxpayer for the third tax year following the tax year for which the credit is issued. For example, if an individual taxpayer makes an equity investment in December 2012 and the \$2 million cap for the fiscal year ending June 30, 2013, had already been reached, the tax credit will be issued for the tax year ending December 31, 2013, and cannot be redeemed until the tax year ending December 31, 2016.

(5) Limitations. Any credit in excess of the tax liability for the tax year may be credited to the tax liability for the following five years or until used, whichever is the earlier. The tax credit cannot be carried back to a tax year prior to the tax year in which the taxpayer claims the tax credit. The tax credit is not transferable to any other taxpayer.

(6) Pro rata tax credit claims for certain business entities. For equity investments made in a community-based seed capital fund or equity investments made in a qualifying business on or after January 1, 2004, an individual may claim the credit if the investment was made by a partnership, S corporation, limited liability company, or an estate or trust electing to have the income directly taxed to the individual. The amount claimed by an individual must be based on the individual's pro rata share of the individual's earnings of the partnership, S corporation, limited liability company, or estate or trust.

~~For equity investments made in a qualifying business prior to January 1, 2004, only direct investments made by an individual are eligible for the investment tax credit. Individuals receiving income from a revocable trust's investment in a qualifying business are eligible for the investment tax credit for the portion of the revocable trust's equity investment in a qualifying business.~~

c. Equity investments in a qualifying business on or after July 2, 2015. For equity investments made on or after July 2, 2015, see 261—Chapter 115 for information regarding eligibility for qualifying businesses, applications for the investment tax credit for equity investments in a qualifying business, and the issuance of tax credit certificates by the economic development authority.

(1) Certificate issuance. The department of revenue will be notified by the economic development authority when the tax credit certificates are issued.

(2) Amount of the tax credit. For fiscal years beginning July 1, 2011, the amount of the tax credits authorized cannot exceed \$2 million. The credit is equal to 25 percent of the taxpayer's equity investment in a qualifying business. In any one calendar year, the amount of tax credits issued for any one qualifying business shall not exceed \$500,000. The maximum amount of tax credit that may be issued per calendar year to a natural person and the person's spouse or dependent shall not exceed \$100,000 combined. For

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purposes of this paragraph, “dependent” has the same meaning as provided by the Internal Revenue Code.

(3) Year in which the tax credit may be claimed. A taxpayer shall not claim a tax credit prior to September 1, 2016. The tax credit certificate must be included with the taxpayer’s return for the tax year in which the credit may be redeemed as stated on the tax credit certificate. For purposes of this paragraph, an investment shall be deemed to have been made on the same date as the date of acquisition of the equity interest as determined by the Internal Revenue Code.

(4) Pro rata tax credit claims for certain business entities. An individual may claim the credit if the investment was made by a partnership, S corporation, limited liability company, or an estate or trust electing to have the income directly taxed to the individual. The amount claimed by an individual must be based on the individual’s pro rata share of the individual’s earnings of the partnership, S corporation, limited liability company, or estate or trust. Any credits claimed by an individual are subject to the limitations provided in 42.22(1)“c”(2) above.

(5) Refundability. For a tax credit claimed against the taxes imposed in Iowa Code chapter 422, division II, any tax credit in excess of the tax liability is refundable. In lieu of claiming a refund, the taxpayer may elect to have the overpayment shown on the taxpayer’s final completed return credited to the tax liability for the following tax year.

(6) Transfers and carryback of tax credits prohibited. The tax credit cannot be carried back to a tax year prior to the tax year in which the taxpayer claims the tax credit. The tax credit is not transferable to any other taxpayer.

ITEM 2. Amend rule **701—42.22(15E,422)**, implementation sentence, as follows:

This rule is intended to implement Iowa Code sections 15E.51, 15E.52, 15E.66, 422.11F, and 422.11G and section 15E.43 as amended by ~~2014~~ 2015 Iowa Acts, ~~Senate File 2359~~ chapter 138.

ITEM 3. Amend subrule 52.21(1) as follows:

52.21(1) *Investment tax credit for an equity investment in a community-based seed capital fund or qualifying business.*

a. Equity investments in a qualifying business or community-based seed capital fund before January 1, 2011. See rule 123—2.1(15E) for the discussion of the investment tax credit for an equity investment in a community-based seed capital fund or an equity investment made on or after January 1, 2004, in a qualifying business, along with the issuance of tax credit certificates by the Iowa capital investment board, for equity investments made before January 1, 2011.

b. Equity investments in a qualifying business or community-based seed capital fund on or after January 1, 2011, and before July 2, 2015. For equity investments made on or after January 1, 2011, see 261—Chapter 115 for information regarding eligibility for qualifying businesses and community-based seed capital funds, applications for the investment tax credit for equity investments in a qualifying business or community-based seed capital fund, and the issuance of tax credit certificates by the economic development authority.

(1) Certificate issuance. The department of revenue will be notified by ~~the Iowa capital investment board or~~ the economic development authority when the tax credit certificates are issued.

(2) Amount of the tax credit. The credit is equal to 20 percent of the taxpayer’s equity investment in a qualifying business or community-based seed capital fund.

(3) Year in which the tax credit may be claimed. An investment shall be deemed to have been made on the same date as the date of acquisition of the equity interest as determined by the Internal Revenue Code. For investments made prior to January 1, 2014, a taxpayer shall not claim the tax credit prior to the third tax year following the tax year in which the investment is made. For investments made in qualifying businesses on or after January 1, 2014, the credit can be claimed in the year of the investment, but these investments cannot be redeemed prior to January 1, 2016. For example, if a corporation taxpayer whose tax year ends on December 31, 2012, makes an equity investment during the 2012 calendar year, the corporation taxpayer cannot claim the tax credit until the tax year ending December 31, 2015. For fiscal years beginning July 1, 2011, the amount of tax credits authorized cannot exceed \$2 million. The tax

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credit certificate must be included with the taxpayer's return for the tax year in which the credit may be redeemed as stated on the tax credit certificate.

(4) Carried over tax credits. If a tax credit is carried over and issued for the tax year immediately following the year in which the investment was made because the \$2 million cap has been reached, the tax credit may be claimed by the taxpayer for the third tax year following the tax year for which the credit is issued. For example, if a corporation taxpayer whose tax year ends on December 31, 2012, makes an equity investment in December 2012 and the \$2 million cap for the fiscal year ending June 30, 2013, had already been reached, the tax credit will be issued for the tax year ending December 31, 2013, and cannot be redeemed until the tax year ending December 31, 2016.

(5) Limitations. Any credit in excess of the tax liability for the tax year may be credited to the tax liability for the following five years or until used, whichever is the earlier. The tax credit cannot be carried back to a tax year prior to the tax year in which the taxpayer claims the tax credit. The tax credit is not transferable to any other taxpayer.

(6) Pro rata tax credit claims for certain business entities. For equity investments made in a community-based seed capital fund and equity investments made on or after January 1, 2004, in a qualifying business, an individual may claim the credit if the investment was made by a partnership, S corporation, limited liability company, or an estate or trust electing to have the income directly taxed to the individual. The amount claimed by an individual must be based on the individual's pro rata share of the individual's earnings of the partnership, S corporation, limited liability company, or estate or trust.

c. Equity investments in a qualifying business on or after July 2, 2015. For equity investments made on or after July 2, 2015, see 261—Chapter 115 for information regarding eligibility for qualifying businesses, applications for the investment tax credit for equity investments in a qualifying business, and the issuance of tax credit certificates by the economic development authority.

(1) Certificate issuance. The department of revenue will be notified by the economic development authority when the tax credit certificates are issued.

(2) Amount of the tax credit. For fiscal years beginning July 1, 2011, the amount of the tax credits authorized cannot exceed \$2 million. The credit is equal to 25 percent of the taxpayer's equity investment in a qualifying business. In any one calendar year, the amount of tax credits issued for any one qualifying business shall not exceed \$500,000. For purposes of this paragraph, a tax credit issued to a partnership, limited liability company, S corporation, estate or trust electing to have income taxed directly to the individual shall be deemed to be issued to the individual owners based upon a pro rata share of the individual's earnings from the entity.

(3) Year in which the credit may be claimed. A taxpayer shall not claim a tax credit prior to September 1, 2016. The tax credit certificate must be included with the taxpayer's return for the tax year in which the credit may be redeemed as stated on the tax credit certificate. For the purposes of this paragraph, an investment shall be deemed to have been made on the same date as the date of acquisition of the equity interest as determined by the Internal Revenue Code.

(4) Pro rata tax credit claims for certain business entities. An individual may claim the credit if the investment was made by a partnership, S corporation, limited liability company, or an estate or trust electing to have the income directly taxed to the individual. The amount claimed by an individual must be based on the individual's pro rata share of the individual's earnings of the partnership, S corporation, limited liability company, or estate or trust. Any credits claimed by an individual are subject to the limitations provided in 701—paragraph 42.22(1) "c."

(5) Carryforward period. For a tax credit claimed against the taxes imposed in Iowa Code chapter 422, division III, any tax credit in excess of the taxpayer's liability for the tax year may be credited to the tax liability for the following three years or until depleted, whichever is earlier.

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(6) Refunds, transfers, and carryback prohibited. The tax credit cannot be carried back to a tax year prior to the tax year in which the taxpayer claims the tax credit. The tax credit is not refundable and is not transferable to any other taxpayer.

ITEM 4. Amend rule **701—52.21(15E,422)**, implementation sentence, as follows:

This rule is intended to implement Iowa Code sections 15E.42, 15E.52, 15E.66 and 422.33 and section 15E.43 as amended by 2014 2015 Iowa Acts, ~~Senate File 2359~~ chapter 138.

ITEM 5. Amend subrule 58.11(1) as follows:

58.11(1) *Investment tax credit for an equity investment in a community-based seed capital fund or qualifying business.*

a. Equity investments in a qualifying business or community-based seed capital fund before January 1, 2011. See rule 123—2.1(15E) for the discussion of the investment tax credit for an equity investment in a community-based seed capital fund or an equity investment made on or after January 1, 2004, in a qualifying business, along with the issuance of tax credit certificates by the Iowa capital investment board, for equity investments made before January 1, 2011.

b. Equity investments in a qualifying business or community-based seed capital fund on or after January 1, 2011, and before July 2, 2015. For equity investments made on or after January 1, 2011, see 261—Chapter 115 for information regarding eligibility for qualifying businesses and community-based seed capital funds, applications for the investment tax credit for equity investments in a qualifying business or community-based seed capital fund, and the issuance of tax credit certificates by the economic development authority.

(1) Certificate issuance. The department of revenue will be notified by ~~the Iowa capital investment board or~~ the economic development authority when the tax credit certificates are issued.

(2) Amount of the tax credit. The credit is equal to 20 percent of the taxpayer's equity investment in a qualifying business or community-based seed capital fund.

(3) Year in which the tax credit may be claimed. An investment shall be deemed to have been made on the same date as the date of acquisition of the equity interest as determined by the Internal Revenue Code. For investments made prior to January 1, 2014, a taxpayer shall not claim the tax credit prior to the third tax year following the tax year in which the investment is made. For investments made in qualifying businesses on or after January 1, 2014, the credit can be claimed in the year of the investment, but these investments cannot be redeemed prior to January 1, 2016. For example, if a franchise taxpayer whose tax year ends on December 31, 2012, makes an equity investment during the 2012 calendar year, the franchise taxpayer cannot claim the tax credit until the tax year ending December 31, 2015. For fiscal years beginning July 1, 2011, the amount of tax credits authorized cannot exceed \$2 million. The tax credit certificate must be included with the taxpayer's return for the tax year in which the credit may be redeemed as stated on the tax credit certificate.

(4) Carried over tax credits. If a tax credit is carried over and issued for the tax year immediately following the year in which the investment was made because the \$2 million cap has been reached, the tax credit may be claimed by the taxpayer for the third tax year following the tax year for which the credit is issued. For example, if a franchise taxpayer whose tax year ends on December 31, 2012, makes an equity investment in December 2012 and the \$2 million cap for the fiscal year ending June 30, 2013, had already been reached, the tax credit will be issued for the tax year ending December 31, 2013, and cannot be redeemed until the tax year ending December 31, 2016.

(5) Limitations. Any credit in excess of the tax liability for the tax year may be credited to the tax liability for the following five years or until used, whichever is the earlier. The tax credit cannot be carried back to a tax year prior to the tax year in which the taxpayer claims the tax credit. The tax credit is not transferable to any other taxpayer.

(6) Pro rata tax credit claims for certain business entities. For equity investments made in a community-based seed capital fund and equity investments made on or after January 1, 2004, in a qualifying business, an individual may claim the credit if the investment was made by a partnership, S corporation, limited liability company, or an estate or trust electing to have the income directly taxed to

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the individual. The amount claimed by an individual must be based on the individual's pro rata share of the individual's earnings of the partnership, S corporation, limited liability company, or estate or trust.

c. Equity investments in a qualifying business on or after July 2, 2015. For equity investments made on or after July 2, 2015, see 261—Chapter 115 for information regarding eligibility for qualifying businesses, applications for the investment tax credit for equity investments in a qualifying business, and the issuance of tax credit certificates by the economic development authority.

(1) Certificate issuance. The department of revenue will be notified by the economic development authority when the tax credit certificates are issued.

(2) Amount of the tax credit. For fiscal years beginning July 1, 2011, the amount of the tax credits authorized cannot exceed \$2 million. The credit is equal to 25 percent of the taxpayer's equity investment in a qualifying business. In any one calendar year, the amount of tax credits issued for any one qualifying business shall not exceed \$500,000.

(3) Year in which the credit may be claimed. A taxpayer shall not claim a tax credit prior to September 1, 2016. The tax credit certificate must be included with the taxpayer's return for the tax year in which the credit may be redeemed as stated on the tax credit certificate. For the purposes of this paragraph, an investment shall be deemed to have been made on the same date as the date of acquisition of the equity interest as determined by the Internal Revenue Code.

(4) Pro rata tax credit claims for certain business entities. An individual may claim the credit if the investment was made by a partnership, S corporation, limited liability company, or an estate or trust electing to have the income directly taxed to the individual. The amount claimed by an individual must be based on the individual's pro rata share of the individual's earnings of the partnership, S corporation, limited liability company, or estate or trust. Any credits claimed by an individual are subject to the limitations provided in 701—paragraph 42.22(1) "c."

(5) Carryforward period. For a tax credit claimed against the taxes imposed in Iowa Code chapter 422, division V, any tax credit in excess of the taxpayer's liability for the tax year may be credited to the tax liability for the following three years or until depleted, whichever is earlier.

(6) Refunds, transfers, and carryback prohibited. The tax credit cannot be carried back to a tax year prior to the tax year in which the taxpayer claims the tax credit. The tax credit is not refundable and is not transferable to any other taxpayer.

ITEM 6. Amend rule **701—58.11(15E,422)**, implementation sentence, as follows:

This rule is intended to implement Iowa Code sections 15E.42, 15E.66 and 422.60 and section 15E.43 as amended by 2014 2015 Iowa Acts, ~~Senate File 2359~~ chapter 138.

[Filed 6/29/16, effective 8/24/16]

[Published 7/20/16]

EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 7/20/16.

ARC 2633C

REVENUE DEPARTMENT[701]

Adopted and Filed

Pursuant to the authority of Iowa Code section 421.14, the Department of Revenue hereby amends Chapter 86, "Inheritance Tax," Iowa Administrative Code.

These amendments are necessary to implement 2015 Iowa Acts, chapter 125, which simplified the language of Iowa Code section 450.9, specified that descendants by adoption are included in the meaning of "lineal descendants" for the purposes of that section, and added lineal descendants of stepchildren to the list of people entitled to the exemption from inheritance tax. The Department hereby amends its rules relating to inheritance taxes in order to reflect those changes.

Where references in the rules mirror the prior language of Iowa Code section 450.9, the amendments reflect the new language of that section instead. References that exclude lineal descendants of stepchildren from the exemption are amended, and, where appropriate, explanations are added as to

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which ascendants and descendants do, and which do not, qualify for the exemption under the new language of the Iowa Code. Some examples in the rules are amended to maintain consistency with the new language of the Iowa Code.

Notice of Intended Action was published in the Iowa Administrative Bulletin as **ARC 2546C** on May 25, 2016. No public comments were received in relation to this rule making.

After the Notice was published, a Department of Revenue employee noticed an error unrelated to the legislation that these amendments were intended to implement in Schedule E in paragraph 86.2(2)“d.” Schedule E states that the tax described in that schedule is imposed on amounts over \$500. Iowa Code section 450.10(3) clearly imposes the tax described in Schedule E on the “entire amount so passing.” There is no exemption or other provision in the current Iowa Code that would explain this \$500 exemption described in Schedule E. Thus, the phrase “the rate of tax imposed in excess of \$500” is stricken from Schedule E in paragraph 86.2(2)“d” to correct this error and conform the rules to the Iowa Code. These amendments are otherwise identical to those published under Notice of Intended Action.

Any person who believes that the application of the discretionary provisions of these rules would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any, pursuant to rule 701—7.28(17A).

The Department of Revenue adopted these amendments on June 29, 2016.

After analysis and review of this rule making, the Department finds that the amendments to these rules are not likely to have a significant impact on jobs.

These amendments are intended to implement Iowa Code section 450.9 as amended by 2015 Iowa Acts, chapter 125.

These amendments will become effective August 24, 2016.

The following amendments are adopted.

ITEM 1. Amend paragraph **86.2(1)“c”** as follows:

c. Who is not required to file a return for estate estates of decedents dying on or after July 1, 2004.

(1) Effective for estates with decedents dying on or after July 1, 2004, if an estate has no Iowa inheritance tax due and there is no obligation for the estate to file a federal estate tax return, even though real estate is involved, an Iowa inheritance tax return need not be filed if at least one of the following situations is applicable:

(1) 1. All estate assets are held solely in joint tenancy with right of survivorship between husband and wife alone; or

(2) 2. All estate assets are held solely in joint tenancy with right of survivorship, and not as tenants in common, solely between the decedent and individuals listed in Iowa Code section 450.9 as individuals that who are entirely statutorily exempt from Iowa inheritance tax on shares received from a decedent based on the individuals' relationship to the decedent. This numbered paragraph does not apply to a jointly held interest in an asset that passes to both an individual listed in Iowa Code section 450.9 and any other individual not listed in Iowa Code section 450.9, including that individual's spouse. See subparagraph 86.2(1)“c”(2) for a list of individuals who are statutorily exempt from Iowa inheritance tax pursuant to Iowa Code section 450.9; or

(3) 3. All assets are passing by beneficiary designation pursuant to a trust and are intended to pass the decedent's property at death or through a nonprobate transfer solely to individuals listed in Iowa Code section 450.9 who are statutorily exempt from Iowa inheritance tax on shares received from a decedent based on their relationship to the decedent. The entire amount of property, interest in property, and income passing solely to the surviving spouse and to parents, grandparents, great-grandparents, and other lineal ascendants, to children including legally adopted children and biological children entitled to inherit under the laws of this state, stepchildren, and grandchildren, great-grandchildren, and other lineal descendants is exempt from tax. This numbered paragraph does not apply to a jointly held interest in an asset that passes to both an individual listed in Iowa Code section 450.9 and any other individual not listed in Iowa Code section 450.9, including that individual's spouse. See subparagraph 86.2(1)“c”(2) for a list of individuals who are statutorily exempt from Iowa inheritance tax pursuant to Iowa Code section 450.9; or

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(4) 4. All estate assets are passed by will or intestate succession as set forth in Iowa Code chapter 633, division IV, and beginning with section 633.210, solely to individuals who are statutorily exempt from Iowa inheritance tax as set forth ~~above~~ below in subparagraph ~~(3)~~ 86.2(1) "c"(2); or

~~(5)~~ 5. For estates of decedents dying on or after July 1, 2007, if the total aggregate value of all the tangible personal property in the estate is \$5,000 or less and in-kind distributions are made. Any in-kind distribution of personal property is exempt from inheritance tax when the total aggregate value of the tangible personal property in the estate is \$5,000 or less. If the total aggregate amount of tangible personal property is greater than \$5,000, then the exemption for in-kind distributions of tangible personal property does not apply. See Iowa Code section 450.4(7); see also Iowa Code section 633.276 for a description of tangible personal property that qualifies.

EXAMPLE 1: The total aggregate value of the tangible personal property in the estate is \$3,000. The executor makes an in-kind distribution of a diamond ring worth \$1,000 to a neighbor. The diamond ring is not subject to inheritance tax.

EXAMPLE 2: The total aggregate value of the tangible personal property in the estate is \$15,000. The executor makes an in-kind distribution of a diamond ring worth \$1,000 to a neighbor. The diamond ring is subject to inheritance tax because the total aggregate value of tangible personal property is greater than \$5,000.

~~Paragraph 86.2(1) "c" does not apply to interests in an asset or assets that pass to both an individual listed in Iowa Code section 450.9 and that individual's spouse.~~

(2) Individuals listed in Iowa Code section 450.9 who are statutorily exempt from Iowa inheritance tax.

1. For estates of decedents dying prior to July 1, 2016, the entire amount of property, interest in property, and income passing solely to the surviving spouse, and parents, grandparents, great-grandparents, and other lineal ascendants, children including legally adopted children and biological children entitled to inherit under the laws of this state, stepchildren, and grandchildren, great-grandchildren, and other lineal descendants are exempt from Iowa inheritance tax.

2. For estates of decedents dying on or after July 1, 2016, the entire amount of property, interest in property, and income passing solely to the surviving spouse, lineal ascendants, lineal descendants, and stepchildren and their lineal descendants are exempt from Iowa inheritance tax. "Lineal descendants" includes descendants by adoption.

ITEM 2. Amend paragraph **86.2(2)"d"** as follows:

d. Estates of decedents dying on or after July 1, 1999.

(1) In addition to the special rule for surviving spouses set forth in paragraph 86.2(2) "c," of this ~~subrule~~, effective for estates of decedents dying on or after July 1, 1999, an estate that consists solely of property includable in the gross estate that is held in joint tenancy with right of survivorship and that is exclusively owned by the decedent and a lineal ascendant of the decedent, lineal descendant of the decedent, a child legally adopted in compliance with the laws of this state by the decedent or a stepchild of the decedent, or any other person declared exempt from Iowa inheritance tax pursuant to Iowa Code section 450.9, or a combination solely consisting of such persons, is not required to file an Iowa inheritance tax return, unless such an estate has an obligation to file a federal estate tax return. ~~Property~~ For property of the estate passing by means other than by joint tenancy with right of survivorship or ~~if any property passes~~ passing by joint tenancy with right of survivorship when the title ~~of~~ to the property is held by persons other than a lineal ascendant, lineal descendant, a child legally adopted in compliance with the laws of this state, or a stepchild of the decedent or by any other person those persons declared exempt from Iowa inheritance tax pursuant to Iowa Code section 450.9, an inheritance tax return is required to be filed.

1. For estates of decedents dying prior to July 1, 2016, the entire amount of property, interest in property, and income passing solely to the surviving spouse, and parents, grandparents, great-grandparents, and other lineal ascendants, children including legally adopted children and biological children entitled to inherit under the laws of this state, stepchildren, and grandchildren,

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great-grandchildren, and other lineal descendants are exempt from Iowa inheritance tax pursuant to Iowa Code section 450.9.

2. For estates of decedents dying on or after July 1, 2016, the entire amount of property, interest in property, and income passing solely to the surviving spouse, lineal ascendants, lineal descendants, and stepchildren and their lineal descendants are exempt from Iowa inheritance tax pursuant to Iowa Code section 450.9. “Lineal descendants” includes descendants by adoption.

(2) The exemption granted to stepchildren and their lineal descendants is limited to that class of step relationships the stepchildren of the decedent and the lineal descendants of the stepchildren of the decedent exclusively. The exemption is not extended to include any lineal ascendants or descendants of the step relationship, such as stepgrandchild, stepparent or stepgrandparent, nor does it include step relations of the decedent’s lineal ascendants or descendants, such as the stepchildren of the decedent’s children. For a definition of “stepchild” for estates of decedents dying on or after July 1, 2003, please see the definition found in 701—86.1(450).

(3) The rate of Iowa inheritance tax imposed on a share is based upon the relationship of the beneficiary to the decedent or the type of entity that is the beneficiary. For estates of decedents dying before July 1, 2001, a net estate that is less than \$10,000 does not have an Iowa inheritance tax obligation. For estates of decedents dying on or after July 1, 2001, the net estate that is less than \$25,000 does not have an Iowa inheritance tax obligation. The following is the most current Iowa inheritance tax rate schedule for net estates over \$25,000:

SCHEDULE B			
Brother, sister (including half-brother, half-sister), son-in-law, and daughter-in-law. There is no exemption.			
If the share is:			
Not over \$12,500, the tax is 5% of the share.			
If over	But not over	Tax is	Of excess over
\$ 12,500	\$ 25,000	\$ 625 + 6%	\$ 12,500
25,000	75,000	1,375 + 7%	25,000
75,000	100,000	4,875 + 8%	75,000
100,000	150,000	6,875 + 9%	100,000
150,000	and up	11,375 + 10%	150,000
SCHEDULE C			
Uncle, aunt, niece, nephew, foster child, cousin, brother-in-law, sister-in-law, stepgrandchild <u>child’s stepchild</u> , and all other individual persons. There is no exemption.			
If the share is:			
Not over \$50,000, tax is 10% of the share.			
If over	But not over	Tax is	Of excess over
\$ 50,000	\$100,000	\$ 5,000 + 12%	\$ 50,000
100,000	and up	11,000 + 15%	100,000
SCHEDULE D			
A firm, corporation or society organized for profit, including an organization failing to qualify as a charitable, educational or religious organization:			

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<p>Effective July 1, 2001, any fraternal and social organization which does not qualify for exemption under IRC Section 170(c) or 2055:</p> <p>15% of the amount.</p>
<p style="text-align: center;">SCHEDULE E</p> <p>Any society, institution or association incorporated or organized under the laws of any other state, territory, province or country than this state, for charitable, educational or religious purposes, or to a cemetery association, including a humane society not organized under the laws of this state, or to a resident trustee for use without this state, the rate of tax imposed in excess of \$500:</p> <p>10% of the amount.</p>
<p style="text-align: center;">SCHEDULE F</p> <p>An unknown heir, as distinguished from an heir who is not presently ascertainable, due to contingent events:</p> <p>5% of the amount.</p>
<p style="text-align: center;">SCHEDULE G</p> <p>A charitable, religious, educational, or veterans organization as defined in IRC Section 170(c) or 2055.</p> <p>All other shares to income tax exempt organizations that are not defined in IRC Section 170(c) must provide their IRS letter of determination. Organizations may also be required to provide evidence that the bequest has restricted the funds to a conforming activity.</p> <p>Public libraries, public art galleries, hospitals, humane societies, municipal corporations, bequests for care of cemetery or burial lots of the decedent or the decedent's family, and bequests for religious services the total of which does not exceed \$500.</p> <p>Entirely exempt: No tax.</p>

ITEM 3. Amend paragraph **86.5(11)“f”** as follows:

f. Inclusion in the estate of the surviving spouse.

(1) Upon the death of the surviving spouse the qualified terminable interest property, which was the subject of an election, that was not disposed of prior to death, shall be included in the gross estate of the surviving spouse and be treated as if it passed in fee from the surviving spouse to those succeeding to the remainder interests. The included QTIP property will receive a stepped up basis for gain or loss as property acquired from a decedent. See 26 U.S.C. Section 1014(b)(10). The relationship of the surviving spouse to the owners of the remainder interest shall determine whether the individual exemptions provided for in Iowa Code section 450.9 apply and which tax rate in Iowa Code section 450.10 shall be applicable.

(2) Qualified property included in the estate of the surviving spouse shall be valued as if it passed from the surviving spouse in fee and shall be valued either (1) at the time of the surviving spouse's death under the provisions of Iowa Code section 450.37 and rule 701—86.9(450), or at its special use value under Iowa Code chapter 450B and rule 701—86.8(450B), if the real estate is otherwise qualified;

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or (2) at the alternate valuation date under the provisions of Iowa Code section 450.37(1) “b” and rule 701—86.10(450), if the property is otherwise eligible.

(3) This subrule can be illustrated by the following examples:

EXAMPLE 1. Decedent A died testate on July 2, ~~1997~~ 2017, survived by a spouse, B, aged 65, ~~and two step-grandchildren, C and D~~ a child, C, and C’s stepchildren, D and E. Under A’s will, all property was left in trust to pay all of the income to B for life. Upon B’s death, the trust was to terminate and the principal was to be divided equally between ~~C and D~~ D and E, who are the ~~grandchildren~~ stepchildren of ~~surviving spouse B~~ child C. The personal representative elected to treat the trust assets as passing entirely in fee to surviving spouse B. The net corpus of the trust consists of a 160-acre farm valued at \$250,000 and personal property valued at \$200,000.

Tax on the basis of all property passing in fee to B	
Share	Tax
\$450,000	\$0

EXAMPLE 2. Same facts as Example 1, with the exception that the personal representative did not make an Iowa qualified terminable interest election. In this fact situation, the trust assets are taxed on the basis of a life estate passing to the surviving spouse B with a remainder over to ~~C and D~~ D and E.

Share	Tax
Spouse B: Life estate factor .42226	
$\$450,000 \times .42226 = \$190,017$	-0-
<u>C’s D’s</u> share ½ remainder factor .57774	
$\$450,000 \times .57774 \div 2 = \$129,991.50$	\$15,498.73
<u>D’s E’s</u> share—same as <u>C’s D’s</u> share \$129,991.50	\$15,498.73
Total \$450,000.00	\$30,997.46

In Example 1, the qualified terminable interest election results in no inheritance tax. However, as shown in Example 2, it would have cost ~~the step-grandchildren, C and D, and E~~ \$30,997.46 if the election had not been made.

EXAMPLE 3. B G, the surviving spouse of ~~A in Example 1~~ F, died testate, a resident of Iowa, on October 15, ~~1997~~ 2017. Under the terms of B’s G’s will, B’s G’s grandchildren, C H and D I, inherit B’s G’s entire estate in equal shares. B’s G’s net estate consists of \$200,000 in personal property and a 160-acre Iowa farm with a value of \$250,000 both of which were the subject of a qualified terminable interest election in A’s F’s estate and in which C H and D I own the remainder interest. B’s G’s net estate also consisted of \$100,000 in intangible personal property ~~which B that G~~ owned in fee simple.

B’s G’s net estate for Iowa inheritance tax purposes consists of the following:

- \$200,000, personal property from A’s F’s estate.
- \$250,000, 160-acre farm from A’s F’s estate.
- \$100,000, owned by B G in fee simple.
- \$550,000 Total

The shares of C H and D I and their tax owed in B’s G’s estate are computed as follows:

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<u>Share</u>		Tax
Beneficiary <u>€ H</u> : ½ of the net estate, or		
	\$275,000	\$0
Beneficiary <u>Ɖ I</u> : (same as <u>€ H</u>)	\$275,000	\$0
Totals	\$550,000	\$0

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EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 7/20/16.