



IOWA ADMINISTRATIVE BULLETIN

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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 2014

| 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. 18 '13* | Jan. 8 '14 | Jan. 28 '14 | Feb. 12 '14 | Feb. 14 '14 | Mar. 5 '14 | Apr. 9 '14 | July 7 '14 |
| Jan. 3 | Jan. 22 | Feb. 11 | Feb. 26 | Feb. 28 | Mar. 19 | Apr. 23 | July 21 |
| Jan. 17 | Feb. 5 | Feb. 25 | Mar. 12 | Mar. 14 | Apr. 2 | May 7 | Aug. 4 |
| Jan. 31 | Feb. 19 | Mar. 11 | Mar. 26 | Mar. 28 | Apr. 16 | May 21 | Aug. 18 |
| Feb. 14 | Mar. 5 | Mar. 25 | Apr. 9 | Apr. 11 | Apr. 30 | June 4 | Sep. 1 |
| Feb. 28 | Mar. 19 | Apr. 8 | Apr. 23 | Apr. 25 | May 14 | June 18 | Sep. 15 |
| Mar. 14 | Apr. 2 | Apr. 22 | May 7 | May 9 | May 28 | July 2 | Sep. 29 |
| Mar. 28 | Apr. 16 | May 6 | May 21 | ***May 21*** | June 11 | July 16 | Oct. 13 |
| Apr. 11 | Apr. 30 | May 20 | June 4 | June 6 | June 25 | July 30 | Oct. 27 |
| Apr. 25 | May 14 | June 3 | June 18 | June 20 | July 9 | Aug. 13 | Nov. 10 |
| May 9 | May 28 | June 17 | July 2 | ***July 2*** | July 23 | Aug. 27 | Nov. 24 |
| ***May 21*** | June 11 | July 1 | July 16 | July 18 | Aug. 6 | Sep. 10 | Dec. 8 |
| June 6 | June 25 | July 15 | July 30 | Aug. 1 | Aug. 20 | Sep. 24 | Dec. 22 |
| June 20 | July 9 | July 29 | Aug. 13 | Aug. 15 | Sep. 3 | Oct. 8 | Jan. 5 '15 |
| ***July 2*** | July 23 | Aug. 12 | Aug. 27 | ***Aug. 27*** | Sep. 17 | Oct. 22 | Jan. 19 '15 |
| July 18 | Aug. 6 | Aug. 26 | Sep. 10 | Sep. 12 | Oct. 1 | Nov. 5 | Feb. 2 '15 |
| Aug. 1 | Aug. 20 | Sep. 9 | Sep. 24 | Sep. 26 | Oct. 15 | Nov. 19 | Feb. 16 '15 |
| Aug. 15 | Sep. 3 | Sep. 23 | Oct. 8 | Oct. 10 | Oct. 29 | Dec. 3 | Mar. 2 '15 |
| ***Aug. 27*** | Sep. 17 | Oct. 7 | Oct. 22 | ***Oct. 22*** | Nov. 12 | Dec. 17 | Mar. 16 '15 |
| Sep. 12 | Oct. 1 | Oct. 21 | Nov. 5 | ***Nov. 5*** | Nov. 26 | Dec. 31 | Mar. 30 '15 |
| Sep. 26 | Oct. 15 | Nov. 4 | Nov. 19 | ***Nov. 19*** | Dec. 10 | Jan. 14 '15 | Apr. 13 '15 |
| Oct. 10 | Oct. 29 | Nov. 18 | Dec. 3 | ***Dec. 3*** | Dec. 24 | Jan. 28 '15 | Apr. 27 '15 |
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| ***Nov. 5*** | Nov. 26 | Dec. 16 | Dec. 31 | Jan. 2 '15 | Jan. 21 '15 | Feb. 25 '15 | May 25 '15 |
| ***Nov. 19*** | Dec. 10 | Dec. 30 | Jan. 14 '15 | Jan. 16 '15 | Feb. 4 '15 | Mar. 11 '15 | June 8 '15 |
| ***Dec. 3*** | Dec. 24 | Jan. 13 '15 | Jan. 28 '15 | Jan. 30 '15 | Feb. 18 '15 | Mar. 25 '15 | June 22 '15 |
| ***Dec. 17*** | Jan. 7 '15 | Jan. 27 '15 | Feb. 11 '15 | Feb. 13 '15 | Mar. 4 '15 | Apr. 8 '15 | July 6 '15 |

PRINTING SCHEDULE FOR IAB

| <u>ISSUE NUMBER</u> | <u>SUBMISSION DEADLINE</u> | <u>ISSUE DATE</u> |
|---------------------|----------------------------|--------------------|
| 6 | Wednesday, August 27, 2014 | September 17, 2014 |
| 7 | Friday, September 12, 2014 | October 1, 2014 |
| 8 | Friday, September 26, 2014 | October 15, 2014 |

PLEASE NOTE:

Rules will not be accepted after **12 o'clock noon** on the Friday filing deadline days 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 Tuesday, September 9, 2014, 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 September 3, 2014, Iowa Administrative Bulletin.

ADMINISTRATIVE SERVICES DEPARTMENT[11]

Personnel records; human resources—veteran preference, compliance with statute and collective bargaining agreements, clarification of practice, amendments to chs 4, 44, 52 to 54, 57, 60, 63, 64 Filed **ARC 1568C**..... 8/6/14

AGRICULTURE AND LAND STEWARDSHIP DEPARTMENT[21]

Elimination of ownership requirement for eligibility as Iowa-registered stallion, 62.1, 62.10(1), 62.12(3), 62.13, 62.20(1), 62.23, 62.30(1), 62.33 Filed **ARC 1582C** 8/20/14

COLLEGE STUDENT AID COMMISSION[283]

EDUCATION DEPARTMENT[281]“umbrella”
Update of commission address, 5.12(5) Notice **ARC 1579C**..... 8/20/14
Rural Iowa primary care loan repayment program, 24.1 to 24.3, 24.4(2), 24.5 Notice **ARC 1586C**..... 8/20/14
Rural Iowa advanced registered nurse practitioner and physician assistant loan repayment program, 25.1 to 25.5 Notice **ARC 1587C**..... 8/20/14
Teach Iowa scholar program, ch 28 Filed **ARC 1572C**..... 8/20/14

CREDIT UNION DIVISION[189]

COMMERCE DEPARTMENT[181]“umbrella”
Credit union investments, 1.4, 17.2, 17.5, 17.8(2), 17.9(4), 17.14, 17.16 Notice **ARC 1580C** 8/20/14

ECONOMIC DEVELOPMENT AUTHORITY[261]

Chapters 15 and 15E economic development programs; compliance cost fees, amend chs 76, 187; rescind chs 113, 410 Filed **ARC 1573C**..... 8/20/14

ENGINEERING AND LAND SURVEYING EXAMINING BOARD[193C]

Professional Licensing and Regulation Bureau[193]
COMMERCE DEPARTMENT[181]“umbrella”
Unethical or illegal conduct—business practices, 8.2(6)“a” Filed **ARC 1577C** 8/20/14

ENVIRONMENTAL PROTECTION COMMISSION[567]

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Best management practices for grain vacuuming at small grain elevators; federal air toxics standards for chemical manufacturing plants and prepared feeds manufacturing, 22.10(3)“a,” 23.1(4) Filed **ARC 1561C** 8/6/14

ETHICS AND CAMPAIGN DISCLOSURE BOARD, IOWA[351]

Transfer of campaign funds to charitable organizations, 4.25(1)“w” Notice **ARC 1581C** 8/20/14
Contributions from political committees not organized in Iowa, 4.32 Notice **ARC 1578C** 8/20/14

HUMAN SERVICES DEPARTMENT[441]

Continuation of benefits pending outcome of appeal; implementation of limited benefit plan (LBP) or FIP ineligibility period; PROMISE JOBS record retention; update of references to GED, 7.9, 41.25(11), 93.2(2), 93.4(4), 93.7(1), 93.8, 93.10, 93.11(4) Notice **ARC 1588C**..... 8/20/14
Mental health and disability services—data submission to determine Medicaid offset for counties, amendments to ch 25 Notice **ARC 1591C**..... 8/20/14

INSPECTIONS AND APPEALS DEPARTMENT[481]

Health care facilities and CNA training programs—verification of conviction or record of founded abuse; plan of correction, 50.9, 50.10(7) Filed **ARC 1566C**..... 8/6/14

INSURANCE DIVISION[191]

COMMERCE DEPARTMENT[181]“umbrella”
Notification—termination of relationship between navigator entity and individual navigator, 85.9(4) Notice **ARC 1592C**..... 8/20/14

IOWA FINANCE AUTHORITY[265]

Low-income housing tax credit program—qualified allocation plans, 12.1 to 12.4 Notice **ARC 1585C**..... 8/20/14

NATURAL RESOURCE COMMISSION[571]

NATURAL RESOURCES DEPARTMENT[561]"umbrella"

- Removal of aquatic vegetation near boat docks and in pathways to open water, 54.5 Notice **ARC 1564C**..... 8/6/14
- Fishing regulations; trotlines, 81.1 to 81.3, rescind ch 85 Notice **ARC 1565C**..... 8/6/14
- Deer hunting licenses, 106.1, 106.2(5), 106.4(5), 106.6, 106.7, 106.10(1) Filed **ARC 1562C**..... 8/6/14

NURSING BOARD[655]

PUBLIC HEALTH DEPARTMENT[641]"umbrella"

- Licensure—registered nurse, licensed practical nurse, advanced registered nurse practitioner, 3.1 to 3.9 Notice **ARC 1569C**..... 8/6/14

PHARMACY BOARD[657]

PUBLIC HEALTH DEPARTMENT[641]"umbrella"

- Drug product selection, 6.9(8)"b," 6.11 Notice of Termination **ARC 1574C**..... 8/20/14
- Pharmacist-documented verification, 8.3(3) Filed **ARC 1576C**..... 8/20/14
- Controlled substances—annual inventory, change of ownership of a pharmacy, 10.35 Filed **ARC 1575C**..... 8/20/14

PROFESSIONAL LICENSURE DIVISION[645]

PUBLIC HEALTH DEPARTMENT[641]"umbrella"

- Barbering—licensure, mentoring program, 21.9(1), 21.12(2), 23.1, 23.2, 23.10(3), 23.16 Notice **ARC 1584C**..... 8/20/14

PUBLIC EMPLOYMENT RELATIONS BOARD[621]

- Electronic document management system, amend chs 1 to 3, 6, 7, 9 to 11; adopt ch 16 Filed **ARC 1583C**..... 8/20/14
- Mediators; arbitrators, 1.8, chs 13, 14 Notice **ARC 1570C**..... 8/6/14

PUBLIC HEALTH DEPARTMENT[641]

- Newborn hearing and critical congenital heart disease screening; newborn screening data and specimens; sliding fee scale for neuromuscular and related disorders program, 4.1 to 4.3, 4.6(3), 4.8 Amended Notice **ARC 1567C**..... 8/6/14
- Medical cannabidiol Act registration card program, ch 154 Notice **ARC 1571C**..... 8/6/14

REVENUE DEPARTMENT[701]

- Biodiesel production refund; individual income, corporation income and franchise taxes; renewable energy tax credit for replacement tax, amendments to chs 12, 38, 40 to 43, 46, 49, 52, 58, 70 Notice **ARC 1590C**..... 8/20/14
- Solar energy system tax credit for individual income, corporation income and franchise taxes, 42.48, 52.44, 58.22 Notice **ARC 1589C**..... 8/20/14
- Multiresidential property tax classification, 71.1, 71.12, 71.23, 71.24 Notice **ARC 1593C**..... 8/20/14

UTILITIES DIVISION[199]

COMMERCE DEPARTMENT[181]"umbrella"

- Eligibility, certification, and reporting requirements for eligible telecommunications carriers and related confidentiality provisions, 1.9(5)"c," ch 39 Notice **ARC 1563C**..... 8/6/14

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

Senator Thomas Courtney
2609 Clearview
Burlington, Iowa 52601

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

Senator Pam Jochum
2368 Jackson Street
Dubuque, Iowa 52001

Senator Roby Smith
2036 East 48th Street
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P.O. Box A
Mt. Auburn, Iowa 52313

Representative Jeff Smith
185 NE Gracewood Drive
Waukee, Iowa 50263

Representative Guy Vander Linden
1610 Carbonado Road
Oskaloosa, Iowa 52577

Brenna Findley
Administrative Rules Coordinator
Governor's Ex Officio Representative
Capitol, Room 18
Des Moines, Iowa 50319
Telephone (515)281-5211

CREDIT UNION DIVISION[189]

| | | |
|---|---|------------------------------|
| Credit union investments, 1.4, 17.2, 17.5, 17.8(2), 17.9(4), 17.14, 17.16 IAB 8/20/14 ARC 1580C | Conference Room, Division Offices 200 E. Grand Ave., Suite 370 Des Moines, Iowa | September 15, 2014 1 p.m. |
|---|---|------------------------------|

INSURANCE DIVISION[191]

| | | |
|--|--|--------------------------------|
| Notification—termination of relationship between navigator entity and individual navigator, 85.9(4) IAB 8/20/14 ARC 1592C | Fourth Floor, Two Ruan Bldg. 601 Locust St. Des Moines, Iowa | September 9, 2014 2:30 p.m. |
|--|--|--------------------------------|

IOWA FINANCE AUTHORITY[265]

| | | |
|--|--|----------------------------------|
| Low-income housing tax credit program—qualified allocation plans, 12.1 to 12.4 IAB 8/20/14 ARC 1585C | Authority Offices 2015 Grand Ave. Des Moines, Iowa | September 9, 2014 1 to 4 p.m. |
|--|--|----------------------------------|

NATURAL RESOURCE COMMISSION[571]

| | | |
|--|--|--------------------------------|
| Removal of aquatic vegetation near boat docks and in pathways to open water, 54.5 IAB 8/6/14 ARC 1564C | DNR Wildlife Station Balsam Ave. Ventura, Iowa | August 28, 2014 6 p.m. |
| | Conference Room 4W Wallace State Office Bldg. 502 E. 9th St. Des Moines, Iowa | September 4, 2014 1:30 p.m. |
| Fishing regulations; trotlines, 81.1 to 81.3; rescind ch 85 IAB 8/6/14 ARC 1565C | DNR Wildlife Station Balsam Ave. Ventura, Iowa | August 28, 2014 7 p.m. |
| | Visitor Center Lewis and Clark State Park 21914 Park Loop Onawa, Iowa | September 2, 2014 6:30 p.m. |
| | Dickinson County Nature Center 2279 170th St. Okoboji, Iowa | September 3, 2014 6:30 p.m. |
| | Conference Room 4W Wallace State Office Bldg. 502 E. 9th St. Des Moines, Iowa | September 4, 2014 3 p.m. |

PROFESSIONAL LICENSURE DIVISION[645]

| | | |
|--|---|-------------------------------------|
| Barbering—licensure; mentoring program, 21.9(1), 21.12(2), 23.1, 23.2, 23.10(2), 23.16 IAB 8/20/14 ARC 1584C | Fifth Floor Board Conference Room Lucas State Office Bldg. Des Moines, Iowa | September 9, 2014 9 to 9:30 a.m. |
|--|---|-------------------------------------|

PUBLIC HEALTH DEPARTMENT[641]

| | | |
|--|---|---|
| Newborn hearing and critical congenital heart disease screening; newborn screening data and specimens; sliding fee scale for neuromuscular and related disorder program, 4.1 to 4.3, 4.6(3), 4.8 IAB 8/6/14 ARC 1567C (See also ARC 1471C , IAB 5/28/14) (ICN Network) | DPH Sixth Floor Reception Desk Lucas State Office Bldg. 321 E. 12th St. Des Moines, Iowa (Origination site) | August 26, 2014 1 to 2 p.m. |
| | Public Library 21 E. 3rd St. Spencer, Iowa | August 26, 2014 1 to 2 p.m. |
| | Public Library 202 Winnebago St. Decorah, Iowa | August 26, 2014 1 to 2 p.m. |
| | Human Services Department 417 E. Kanesville Blvd. Council Bluffs, Iowa | August 26, 2014 1 to 2 p.m. |
| | Public Library Information Center 2950 Learning Campus Dr. Bettendorf, Iowa | August 26, 2014 1 to 2 p.m. |
| | <i>To participate by telephone:</i> Call: 1-866-685-1580 / Passcode: 5152816466# | |
| Medical cannabidiol Act registration card program, ch 154 IAB 8/6/14 ARC 1571C (ICN Network) | Ottumwa Regional Health Center 1001 E. Pennsylvania Ottumwa, Iowa | August 26, 2014 11:30 a.m. to 1 p.m. |
| | Iowa Western Community College – 1 2700 College Rd. Council Bluffs, Iowa | August 26, 2014 11:30 a.m. to 1 p.m. |
| | Public Library 321 Main Davenport, Iowa | August 26, 2014 11:30 a.m. to 1 p.m. |
| | North Iowa Area Community College – 4 500 College Dr. Mason City, Iowa | August 26, 2014 11:30 a.m. to 1 p.m. |
| | Public Library 529 Pierce St. Sioux City, Iowa | August 26, 2014 11:30 a.m. to 1 p.m. |
| | Sixth Floor, Lucas State Office Bldg. 321 E. 12th St. Des Moines, Iowa | August 26, 2014 11:30 a.m. to 1 p.m. |
| | <i>To participate by conference call:</i> Dial: 1-866-685-1580 / Passcode: 5152814355 | |

UTILITIES DIVISION[199]

| | | |
|--|--|----------------------------|
| Eligibility, certification, and reporting requirements for eligible telecommunications carriers and related confidentiality provisions, 1.9(5), ch 39 IAB 8/6/14 ARC 1563C | Board Hearing Room 1375 E. Court Ave. Des Moines, Iowa | October 28, 2014 9 a.m. |
|--|--|----------------------------|

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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FEMA DR-4184-IA

| AGENCY | PROGRAM | ELIGIBLE APPLICANTS | TYPES OF PROJECT |
|---|---|---|---|
| <p>Iowa Homeland Security and Emergency Management Department (HSEMD)</p> | <p>Hazard Mitigation Grant Program (HMGP) Authorized by §203 of the Robert T. Stafford Disaster Assistance and Emergency Relief Act (Stafford Act), 42 U.S.C. 5133, as amended by §102 of the Disaster Mitigation Act of 2000 (DMA)</p> | <ul style="list-style-type: none"> • State Agencies and Local Governments • Federally recognized Indian Tribal governments, to include state recognized Indian Tribes, and Authorized Tribal Organizations. • Private Non Profit (PNP) Organizations or institutions which operate a PNP facility as defined in the 44 Code of Federal Regulations (CFR), Section 206.221(e) • All applicants must be participating in the NFIP if they have been identified as having a Special Flood Hazard Area. The Community must not be on probation, suspended or withdrawn from the NFIP. • All Applicants for a project grant MUST have a FEMA approved local hazard mitigation plan. <p>Application Process:</p> <ul style="list-style-type: none"> - Potential project & planning applicants must complete a Notice of Interest (NOI) Form located on the HSEMD website at: http://www.iowahomelandsecurity.org/grants/HMA.html - NOI Form must be emailed to hsemd.mitigation@iowa.gov - NOIs will be selected for full application development based on funding availability, the State's priority, and an initial eligibility review. - NOIs will be accepted on a continuous basis or until otherwise notified. <p>For additional information, please contact:</p> <p style="text-align: center;">Dan Schmitz 515-725-9369 Dennis Harper 515-725-9348</p> <p style="text-align: center;">Iowa Homeland Security and Emergency Management Department 7900 Hickman Road Windsor Heights, IA 50324</p> | <p>Eligible Project Types</p> <p>Projects may be of any nature that will result in protection to public or private property, including but not limited to:</p> <ul style="list-style-type: none"> • Acquisition or relocation of hazard-prone property for conversion to open space in perpetuity • Construction of safe rooms (tornado and severe wind shelters) • Structural and nonstructural retrofitting of existing buildings and facilities (including designs and feasibility studies when included as part of the construction project) for wildfire, seismic, wind or flood hazards (e.g., elevation, flood-proofing, storm shutters, hurricane clips) • Minor structural hazard control or protection projects that may include vegetation management, storm water management (e.g., culverts, floodgates, retention basins), or shoreline/landslide stabilization • Localized flood control projects, such as certain ring levees and floodwall systems, that are designed specifically to protect critical facilities and do not constitute a section of a larger flood control system • Development of multi-jurisdictional hazard mitigation plans and plan updates <p>Planning Application</p> <p>The outcome of a mitigation planning grant award must be a FEMA approved hazard mitigation plan that complies with the requirements of 44 CFR Part 201. The planning grant deliverable can be a new hazard mitigation plan or an update of an already FEMA approved hazard mitigation plan.</p> |

ARC 1579C

COLLEGE STUDENT AID COMMISSION[283]

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 261.3, the Iowa College Student Aid Commission hereby gives Notice of Intended Action to amend Chapter 5, “Contested Cases,” Iowa Administrative Code.

The rules in Chapter 5 describe the Commission’s contested case procedures. This amendment updates the Commission’s address as identified by a regular review of the administrative rules.

Interested persons may submit comments orally or in writing by 4:30 p.m. on September 9, 2014, to the Executive Director, Iowa College Student Aid Commission, 430 East Grand Avenue, Third Floor, Des Moines, Iowa 50309-1920; fax (515)725-3401.

The Commission does not intend to grant waivers under the provisions of these rules.

After analysis and review of this rule making, the Commission finds that there is no impact on jobs.

This amendment is intended to implement Iowa Code chapter 261.

The following amendment is proposed.

Amend subrule 5.12(5) as follows:

5.12(5) Proof of mailing. Proof of mailing includes either: a legible United States Postal Service postmark on the envelope, a certificate of service, a notarized affidavit, or a certification in substantially the following form:

I certify under penalty of perjury and pursuant to the laws of Iowa that, on (date of mailing), I mailed copies of (describe document) addressed to the College Student Aid Commission, ~~200 Tenth Street, Fourth Floor, Des Moines, Iowa 50309-3609~~ 430 East Grand Avenue, Third Floor, Des Moines, Iowa 50309-1920, and to the names and addresses of the parties listed below by depositing the same in (a United States post office mailbox with correct postage properly affixed or state interoffice mail).

(Date) (Signature)

ARC 1586C

COLLEGE STUDENT AID COMMISSION[283]

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 261.113, the Iowa College Student Aid Commission hereby gives Notice of Intended Action to amend Chapter 24, “Rural Iowa Primary Care Loan Repayment Program,” Iowa Administrative Code.

These proposed amendments to Chapter 24 reflect changes to Iowa Code section 261.113 that were enacted in 2014 Iowa Acts, Senate File 2347, sections 2, 16 and 17.

COLLEGE STUDENT AID COMMISSION[283](cont'd)

Interested persons may submit comments orally or in writing by 4:30 p.m. on September 9, 2014, to the Executive Director, Iowa College Student Aid Commission, 430 East Grand Avenue, Third Floor, Des Moines, Iowa 50309-1920; fax (515)725-3401.

The Commission does not intend to grant waivers under the provisions of these rules.

After analysis and review of this rule making, the Commission finds that there could be a positive impact on jobs. This rule making provides incentives for primary care physicians to practice in designated service commitment areas in Iowa.

These amendments are intended to implement Iowa Code chapter 261.

The following amendments are proposed.

ITEM 1. Amend rule 283—24.1(261) as follows:

283—24.1(261) Rural Iowa primary care loan repayment program. The rural Iowa primary care loan repayment program is a state-supported and administered loan repayment program for students who agree to practice as physicians in service commitment areas for ~~60~~ five consecutive ~~months~~ years and meet the requirements of these rules.

ITEM 2. Amend rule **283—24.2(261)**, definition of “Eligible loan,” as follows:

“*Eligible loan*” means the physician’s total subsidized, unsubsidized, and consolidated Federal Stafford Loan amount under the Federal Family Education Loan Program, ~~or the Federal Direct Loan Program,~~ federal Graduate PLUS Loan, or federal Perkins Loan, including principal and interest. Only the outstanding portion of a federal consolidation loan that was used to repay an eligible subsidized or unsubsidized Federal Stafford Loan qualifies for loan repayment.

ITEM 3. Amend rule 283—24.3(261) as follows:

283—24.3(261) Eligibility requirements.

24.3(1) An eligible university will recommend up to ten applicants to the commission for loan repayment benefits. Priority will be given to students who are Iowa residents upon enrolling in the eligible university. The criteria used by the state board of regents to determine residency for tuition purposes, Iowa Administrative Code rule 681—1.4(262), are adopted for this program. ~~Fifty percent~~ The percentage of the agreements ~~shall to~~ be entered into by students attending each eligible university ~~shall be evenly divided.~~

a. The commission will annually determine and communicate the number of recommendations that can be funded at each eligible university.

b. If fewer than ~~one-half of the total~~ recommendations in 24.3(1) “*a*” are fulfilled by students at one eligible university, the commission may obtain additional recommendations from the other eligible university to award the remaining agreements.

24.3(2) An applicant must enter into an agreement with the commission ~~when~~ during the applicant ~~begins curriculum~~ applicant’s final year of study leading to a doctor of medicine or osteopathy degree.

24.3(3) An applicant must ~~remain~~ be enrolled on a full-time basis ~~in each term of enrollment~~ and graduate with a doctor of medicine or osteopathy degree from an eligible university. The commission may waive the full-time enrollment requirement for a temporary time frame only in the instance of a leave of absence approved by an eligible university. The applicant must request a waiver from the commission in writing.

24.3(4) An applicant must apply for, enter, and complete a residency program in Iowa.

24.3(5) Within nine months of graduating from the residency program, an applicant must receive a permanent license to practice medicine and surgery or osteopathic medicine and surgery in the state of Iowa and engage in full-time practice, as defined by the service commitment area, of medicine and surgery or osteopathic medicine and surgery specializing in family medicine, pediatrics, psychiatry, internal medicine, or general surgery for a period of ~~60~~ five consecutive ~~months~~ years in a service commitment area.

24.3(6) An applicant must annually complete and return to the commission an ~~affidavit of full-time enrollment at an eligible university and, when applicable, an annual~~ affidavit of acceptance into and

COLLEGE STUDENT AID COMMISSION[283](cont'd)

completion of residency programs and acceptance of and completion of employment obligations in a service commitment area.

24.3(7) Prior to or upon engagement in full-time employment in a service commitment area, the physician must contract with a service commitment area to provide a nonrefundable \$20,000 contribution for deposit in the rural Iowa primary care trust fund. Payment must be received by the commission from a service commitment area prior to payment of any loan repayment awards.

24.3(8) Failure by the applicant to meet all eligibility requirements under this rule and in the agreement will result in forfeiture of all remaining unpaid payments.

ITEM 4. Amend subrule 24.4(2) as follows:

24.4(2) The maximum award will be paid to the physician's eligible loan holder in five equal installments, upon successful completion of each of five 12-month employment obligations. Failure to complete all, or any portion, of the ~~60-consecutive-month~~ five-consecutive-year employment obligation will result in the forfeiture of all remaining unpaid payments. A physician who fails to meet the requirements of these rules may also be subject to repayment of moneys advanced by the service commitment area as provided in any contract between the physician and the service commitment area.

ITEM 5. Amend rule 283—24.5(261) as follows:

283—24.5(261) Waivers.

24.5(1) *Service commitment area.* The commission may waive the requirement that the physician practice in the same service commitment area for ~~all 60 months~~ five years. The physician must request a waiver from the commission in writing.

24.5(2) *Full-time employment.* The commission may waive the requirement that the physician be employed full-time if the physician demonstrates exceptional circumstances. The physician must request a waiver from the commission in writing. If a waiver request is granted by the commission, the agreement will be amended to provide an allowance for part-time employment. The ~~60-month~~ five-year employment obligation will be proportionally extended to ensure the physician is employed in a service commitment area for the equivalent of ~~60~~ five full-time ~~months~~ years.

24.5(3) and **24.5(4)** No change.

ITEM 6. Amend **283—Chapter 24**, implementation sentence, as follows:

These rules are intended to implement Iowa Code section 261.113 as amended by 2014 Iowa Acts, Senate File 2347.

ARC 1587C

COLLEGE STUDENT AID COMMISSION[283]

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 261.114, the Iowa College Student Aid Commission hereby gives Notice of Intended Action to amend Chapter 25, “Rural Iowa Advanced Registered Nurse Practitioner and Physician Assistant Loan Repayment Program,” Iowa Administrative Code.

These proposed amendments to Chapter 25 reflect changes to Iowa Code section 261.114 that were enacted in 2014 Iowa Acts, Senate File 2347, sections 2, 18 and 19.

Interested persons may submit comments orally or in writing by 4:30 p.m. on September 9, 2014, to the Executive Director, Iowa College Student Aid Commission, 430 East Grand Avenue, Third Floor, Des Moines, Iowa 50309-1920; fax (515)725-3401.

The Commission does not intend to grant waivers under the provisions of these rules.

COLLEGE STUDENT AID COMMISSION[283](cont'd)

After analysis and review of this rule making, the Commission finds that there could be a positive impact on jobs. This rule making provides incentives to physician assistants and advanced registered nurse practitioners to practice in designated service commitment areas in Iowa.

These amendments are intended to implement Iowa Code chapter 261.

The following amendments are proposed.

ITEM 1. Amend rule 283—25.1(261) as follows:

283—25.1(261) Rural Iowa advanced registered nurse practitioner and physician assistant loan repayment program. The rural Iowa advanced registered nurse practitioner and physician assistant loan repayment program is a state-supported and administered loan repayment program for applicants who agree to practice as advanced registered nurse practitioners or physician assistants in service commitment areas for ~~60~~ five consecutive ~~months~~ years and meet the requirements of these rules.

ITEM 2. Amend rule **283—25.2(261)**, definitions of “Advanced registered nurse practitioner,” “Eligible loan” and “Eligible university,” as follows:

“*Advanced registered nurse practitioner*” means an individual who graduated from a ~~doctorate of nursing practice degree~~ graduate-level credential program at an eligible university, holds a practitioner’s license to practice as an advanced registered nurse practitioner pursuant to Iowa Code chapter 152, and is employed in the practice of nursing in an eligible service commitment area.

“*Eligible loan*” means the advanced registered nurse practitioner’s or physician assistant’s total subsidized, unsubsidized, and consolidated Federal Stafford Loan amount under the Federal Family Education Loan Program, ~~or the Federal Direct Loan Program,~~ federal Graduate PLUS loan, or federal Perkins Loan, including principal and interest. Only the outstanding portion of a federal consolidation loan that was used to repay an eligible subsidized or unsubsidized Federal Stafford Loan qualifies for loan repayment.

“*Eligible university*” means ~~either the State University of Iowa Carver College of Medicine or Des Moines University College of Health Sciences~~ a college or university that meets the requirements of Iowa Code section 261.2, subsection 11, and is an institution of higher learning under the control of the state board of regents or an accredited private institution as defined in Iowa Code section 261.9. An eligible university must complete and return the forms to the commission to participate in the program.

ITEM 3. Adopt the following **new** definition in rule **283—25.2(261)**:

“*Surplus funds*” means funding available after the maximum award has been obligated to all recommended applicants in accordance with rule 283—25.3(261).

ITEM 4. Amend rule 283—25.3(261) as follows:

283—25.3(261) Eligibility requirements.

25.3(1) The commission will annually determine and communicate the number of physician assistant and advanced registered nurse practitioner recommendations that can be funded ~~in each physician assistant studies degree program or doctorate of nursing practice degree program~~ at each eligible university. The intent of this determination will be to ensure that an equal number of students in each program at an eligible ~~university~~ universities are able to enter into an agreement. Priority will be given to applicants who are Iowa residents upon enrolling in the eligible university. The criteria used by the state board of regents to determine residency for tuition purposes, Iowa Administrative Code rule 681—1.4(262), are adopted for this program. If fewer than the maximum number of ~~recommendations of students in either a physician assistant studies degree program or doctorate of nursing practice degree program~~ is physician assistants or advanced registered nurse practitioners are recommended at ~~one~~ an eligible university, the commission may obtain additional recommendations from the other eligible ~~university~~ universities to award the remaining agreements.

25.3(2) An applicant must enter into an agreement with the commission ~~when~~ during the applicant ~~begins curriculum~~ applicant’s final year of study leading to a doctor of nursing practice degree or a master’s degree in physician assistant studies eligibility for licensure as an advanced registered nurse practitioner or physician assistant.

COLLEGE STUDENT AID COMMISSION[283](cont'd)

25.3(3) An applicant must ~~remain~~ be enrolled on a full-time basis ~~in each term of enrollment and graduate from an eligible university with a doctor of nursing practice degree or a master's degree in physician assistant studies from an eligible university~~ graduate-level credential that qualifies the applicant to work as a physician assistant or advanced registered nurse practitioner. The commission may waive the full-time enrollment requirement for a temporary time frame only in the instance of a leave of absence approved by an eligible university. The applicant must request a waiver from the commission in writing.

25.3(4) Within nine months of graduating ~~with a doctor of nursing practice degree or a master's degree in physician assistant studies from an eligible university,~~ an applicant must receive a permanent license to practice nursing or to work as a physician assistant in the state of Iowa and engage in full-time practice, as defined by the service commitment area, as ~~a~~ an advanced registered nurse practitioner or physician assistant for a period of 60 five consecutive months years in a service commitment area.

25.3(5) An applicant must annually complete and return to the commission an affidavit ~~of full-time enrollment at an eligible university and, when applicable, an affidavit of completion of the employment obligation in a service commitment area.~~

25.3(6) Prior to or upon engagement in full-time employment in a service commitment area, the advanced registered nurse practitioner or physician assistant must contract with the service commitment area to provide a nonrefundable \$2,000 contribution for deposit in the rural Iowa advanced registered nurse practitioner and physician assistant trust fund. Payment must be received by the commission from the service commitment area prior to payment of any loan repayment awards to the advanced registered nurse practitioner or physician assistant.

25.3(7) Failure by the applicant to meet all eligibility requirements under these rules and in the agreement will result in forfeiture of all remaining unpaid payments.

ITEM 5. Amend rule 283—25.4(261) as follows:

283—25.4(261) Awarding of funds.

25.4(1) Prior to accepting an offer of employment, the advanced registered nurse practitioner or physician assistant must notify the commission of the service commitment area in which the advanced registered nurse practitioner or physician assistant will be employed, and the commission will verify the eligibility of the service commitment area.

25.4(2) The maximum award will be paid to the advanced registered nurse practitioner or physician assistant's eligible loan lender ~~in one installment~~ five equal installments, upon successful completion of ~~the 60-month~~ each of the five 12-month employment ~~obligation~~ obligations. Failure to complete all, or any portion, of the ~~60-consecutive-month~~ five-consecutive-year employment obligation will result in the forfeiture of all remaining unpaid payments. An advanced registered nurse practitioner or physician assistant who fails to meet the requirements of these rules may also be subject to repayment of moneys advanced by the service commitment area as provided in any contract between the advanced registered nurse practitioner or physician assistant and the service commitment area.

25.4(3) No loan repayment amounts will be paid until the service commitment area provides the nonrefundable \$2,000 contribution for deposit into the rural Iowa advanced registered nurse practitioner and physician assistant trust fund.

25.4(4) If surplus funds are available, the commission will accept applications from physician assistants and advanced registered nurse practitioners practicing full-time in service commitment areas. Recipient selections shall be evenly divided between physician assistants and advanced registered nurse practitioners, to the extent possible. If surplus funds are not sufficient to fund all applicants, physician assistant and advanced registered nurse practitioner applicants will be prioritized by Iowa residency status, full-time employment status, individuals working in a federally designated Health Professional Shortage Area (HPSA) or a Governor's Designated Rural Health Clinic county, total eligible student loan debt (highest receiving priority), and application date (earliest submitted receiving priority). Recipients will enter into agreements with the commission, and payments will be made in accordance with subrules 25.4(2) and 25.4(3).

COLLEGE STUDENT AID COMMISSION[283](cont'd)

ITEM 6. Amend rule 283—25.5(261) as follows:

283—25.5(261) Waivers.

25.5(1) Service commitment area. The commission may waive the requirement that the advanced registered nurse practitioner or physician assistant practice in the same service commitment area for ~~all 60 months~~ five years. The advanced registered nurse practitioner or physician assistant must request a waiver from the commission in writing.

25.5(2) Full-time employment. The commission may waive the requirement that the advanced registered nurse practitioner or physician assistant be employed full-time if the advanced registered nurse practitioner or physician assistant demonstrates exceptional circumstances. The advanced registered nurse practitioner or physician assistant must request a waiver from the commission in writing. If a waiver request is granted by the commission, the agreement will be amended to provide an allowance for part-time employment. The ~~60-month~~ five-year employment obligation will be proportionally extended to ensure the advanced registered nurse practitioner or physician assistant is employed in a service commitment area for the equivalent of ~~60~~ five full-time ~~months~~ years.

25.5(3) and 25.5(4) No change.

ITEM 7. Amend **283—Chapter 25**, implementation sentence, as follows:

These rules are intended to implement Iowa Code section 261.114 as amended by 2014 Iowa Acts, Senate File 2347.

ARC 1580C

CREDIT UNION DIVISION[189]

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 533.107, the Credit Union Division hereby gives Notice of Intended Action to amend Chapter 1, “Description of Organization,” and Chapter 17, “Investment and Deposit Activities for Credit Unions,” Iowa Administrative Code.

The amendments reflect changes made to the Division’s Web address, and to the federal rules for investments in credit unions, primarily to remove references to ratings by nationally recognized statistical rating organizations, in accordance with the federal Dodd-Frank Act.

The Division will fully consider any written suggestions or comments on these proposed amendments by any interested person on or before September 15, 2014. Written material should be directed to the Iowa Credit Union Division, 200 E. Grand, Suite 370, Des Moines, Iowa 50309-1827; fax (515)725-0519.

There will be a public hearing on September 15, 2014, at 1 p.m. in the conference room in the Division’s offices at 200 E. Grand, Suite 370, Des Moines, Iowa, at which time persons may present their views 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 person who intends to attend the public hearing and has special requirements, such as those relating to hearing or mobility impairments, should contact the Division and advise of specific needs.

The proposed amendments to Chapter 17 do not contain conditions for waiver, but would be subject to the provisions in 189—17.19(533) for Investment Pilot Programs and to the process outlined in Chapter 23, “Uniform Waiver and Variance Rules.”

After analysis and review of this rule making, the Division has determined that there will be no impact on jobs and no fiscal impact to the state.

These amendments are intended to implement Iowa Code sections 533.301(5) and 533.301(25).

The following amendments are proposed.

CREDIT UNION DIVISION[189](cont'd)

ITEM 1. Amend rule 189—1.4(17A,533) as follows:

189—1.4(17A,533) Forms and instructions. Information concerning the forms and instructions of the superintendent is available at the offices of the credit union division during usual business hours, 8 a.m. to 4 p.m. daily, excluding Saturdays, Sundays and holidays. Copies of the forms and instructions are also available at the credit union division's Web site at <http://www.iaucdiv.state.ia.us> <https://creditunions.iowa.gov/>.

This rule is intended to implement Iowa Code section 533.102.

ITEM 2. Amend rule **189—17.2(533)**, definitions of "Mortgage-related security" and "Small business-related security," as follows:

"Mortgage-related security" means a security as defined in Section 3(a)(41) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(41)), e.g., a privately issued security backed by first lien mortgages secured by real estate upon which is located a dwelling, mixed residential and commercial structure, residential manufactured home, or commercial structure, that is rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization.

"Small business-related security" means a security as defined in Section 3(a)(53) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(53)), e.g., a security that is rated in one of the four highest rating categories by at least one nationally recognized statistical rating organization, and represents an interest in one or more promissory notes or leases of personal property evidencing the obligation of a small business concern and originated by an insured depository institution, insured credit union, insurance company, or similar institution which is supervised and examined by a federal or state authority, or a finance company or leasing company. This definition does not include Small Business Administration securities permissible under the Federal Credit Union Act, 12 U.S.C. Section 1757(7).

ITEM 3. Adopt the following **new** definition of "Investment grade" in rule **189—17.2(533)**:

"Investment grade" means the issuer of a security has an adequate capacity to meet the financial commitments under the security for the projected life of the asset or exposure, even under adverse economic conditions. An issuer has an adequate capacity to meet financial commitments if the risk of default by the obligor is low and the full and timely repayment of principal and interest on the security is expected. A credit union may consider any or all of the following factors, to the extent appropriate, with respect to the credit risk of a security: credit spreads; securities-related research; internal or external credit risk assessments; default statistics; inclusion on an index; priorities and enhancements; price, yield, and/or volume; and asset class-specific factors. This list of factors is not meant to be exhaustive or mutually exclusive.

ITEM 4. Amend paragraph **17.5(2)"b"** as follows:

b. Provided the amount of investment authority does not exceed ~~the greater of 10 percent of the credit union's total assets or~~ 100 percent of ~~its~~ the credit union's net worth, in the aggregate, at the time of delegation; ~~and.~~

ITEM 5. Rescind paragraphs **17.5(2)"c"** and **"d."**

ITEM 6. Amend subrule 17.5(3) as follows:

17.5(3) ~~At the annual reevaluation of delegated investment authority, the credit union must comply with the 10 percent of total assets or~~ least annually, the credit union must adjust the amount of funds held under discretionary control to comply with the 100 percent of net worth cap. The credit union's board of directors must receive notice as soon as possible, but no later than its next regularly scheduled monthly board meeting, be informed of the amount exceeding the total asset or net worth cap and must notify in writing the superintendent within five days after the board meeting of the exception to this rule. The credit union must develop a plan to comply with the cap within a reasonable period of time.

ITEM 7. Amend paragraph **17.8(2)"c"** as follows:

c. If the broker-dealer is acting as the credit union's counterparty, the ability of the broker-dealer and its subsidiaries or affiliates to fulfill commitments, as evidenced by capital strength, liquidity, and operating results. The credit union should consider current financial data, annual reports, ~~reports of~~

CREDIT UNION DIVISION[189](cont'd)

~~nationally recognized statistical rating organizations~~ external assessments of creditworthiness, relevant disclosure documents, and other sources of financial information.

ITEM 8. Amend subrule 17.9(4) as follows:

17.9(4) Annually, the credit union must analyze the ability of the safekeeper to fulfill the safekeeper's custodial responsibilities, as evidenced by capital strength, liquidity, and operating results. The credit union should consider current financial data, annual reports, ~~reports of nationally recognized statistical rating organizations~~ external assessments of creditworthiness, relevant disclosure documents, and other sources of financial information.

ITEM 9. Amend subrule 17.14(1) as follows:

17.14(1) *Variable rate investment.* A credit union may invest in a variable rate investment, as long as the index is tied to domestic interest rates ~~and not, for example,~~ Except in the case of U.S. Treasury inflation-protected securities, the variable rate investment cannot, for example, be tied to foreign currencies, foreign interest rates, domestic or foreign commodity prices, equity prices, or inflation rates. For purposes of this subrule, the U.S. dollar-denominated London Interbank Offered Rate (LIBOR) is a domestic interest rate.

ITEM 10. Amend subrule 17.14(5) as follows:

17.14(5) *Municipal security.* A credit union may purchase and hold a municipal security, as defined in the Federal Credit Union Act, 12 U.S.C. Section 1757(7)(K), ~~only if a nationally recognized statistical rating organization has rated it in one of the four highest rating categories~~ the credit union conducts and documents an analysis that reasonably concludes the security is at least investment grade. The credit union must also limit its aggregate municipal securities holdings to no more than 75 percent of the credit union's net worth and limit its holdings of municipal securities issued by any single issuer to no more than 25 percent of the credit union's net worth.

ITEM 11. Amend paragraphs **17.14(7)“i”** and **“k”** as follows:

i. The counterparty to the transaction: meets the minimum credit quality standards as approved by the credit union's board of directors;

~~(1) Has a long-term, senior, unsecured debt rating from a nationally recognized statistical rating organization of AA- (or equivalent) or better at the time of the transaction, and the contract between the counterparty and the credit union specifies that if the long-term, senior, unsecured debt rating declines below AA- (or equivalent) then the counterparty agrees to post collateral with an independent party in an amount fully securing the value of the option; or~~

~~(2) Posts collateral with an independent party in an amount fully securing the value of the option if the counterparty does not have a long-term, senior, unsecured debt rating from a nationally recognized statistical rating organization;~~

k. The aggregate amount of equity-linked member share certificates does not exceed 50 percent of the credit union's net worth;

ITEM 12. Amend subrule 17.14(8) as follows:

17.14(8) *Debt obligations of U.S.-chartered corporations.* An Iowa state-chartered credit union may invest in unsecured notes and acceptances, commonly referred to as “commercial paper” and “corporate bonds,” of U.S.-chartered corporations pursuant to Iowa Code section 533.301(5) “*h*” and “*i*” and this rule, only if:

a. The investment in a corporate bond debt obligation is ~~rated in one of the two highest rating categories by a nationally recognized statistical rating organization~~ investment grade and has a maturity of less than five years;

b. The investment in a commercial paper debt obligation is ~~rated in one of the four highest rating categories by a nationally recognized statistical rating organization~~ investment grade and has a maturity of less than one year;

c. An investment in a nonrated equivalent value issue of a commercial paper debt obligation shall ~~otherwise adhere to the limitations of rated issues~~ be investment grade. ~~In lieu of the required rating by a nationally recognized statistical rating organization, a~~ A credit union shall retain documentation

CREDIT UNION DIVISION[189](cont'd)

supporting ~~the method used in determining the equivalent rating~~ its determination and the current and previous two years of year-end financial statements which indicate acceptable operating performance of the issuing U.S. corporation;

d. ~~Subsequent If, subsequent to the date of purchase but prior to the date of maturity, the rating is downgraded two or more categories by the same nationally recognized statistical rating organization used when the investment was purchased,~~ no longer meets the investment grade standard and the investment exceeds the credit union's net worth by 5 percent or more, the credit union shall have no more than 30 days to divest of the security unless the credit union seeks and receives a waiver from the superintendent as provided by rule;

e. The total investment by a credit union in debt obligations in a lone U.S. corporation and its subsidiaries shall not exceed 25 percent of the credit union's net worth;

f. The total aggregate investment by a credit union in debt obligations of U.S. corporations and their subsidiaries shall not exceed the lesser of 100 percent of the credit union's net worth or 20 percent of the credit union's investment portfolio;

g. An investment will be considered speculative and unauthorized if it contains any of the following characteristics, and the credit union shall be required to divest of the security in accordance with 17.14(8) "d" without an opportunity of waiver:

(1) It is issued by a business entity not recognized in the market place or by other than a U.S.-chartered corporation, or by both;

(2) It has a maturity that exceeds that established in this subrule; or

(3) It is issued to cover or underwrite foreign market operations, or for new-line products or services, or both, which exceed 25 percent of the investment offering;

h. If the net worth level of a credit union falls or remains below an amount which causes the limitations of this subrule to be exceeded for two consecutive quarters, and the amount of difference is 5 percent or more of the net worth, the credit union shall divest of a sufficient amount of debt obligations so the credit union no longer exceeds the limitations or seek a waiver from the superintendent as provided by rule;

i. A corporate credit union chartered in accordance with Iowa Code chapter 533 is exempt from the provisions and limitations of this subrule and, instead, shall have the powers, restrictions and obligations contained in NCUA rules and regulations, 12 CFR Part 704, for federally insured corporate credit unions.

ITEM 13. Adopt the following new subrules 17.14(9) to 17.14(11):

17.14(9) Mortgage note repurchase transactions. A credit union may invest in securities that are offered and sold pursuant to Section 4(5) of the Securities Act of 1933, 15 U.S.C. 77d(5), only as a part of an investment repurchase agreement under subrule 17.13(3), subject to all of the following conditions:

a. The aggregate of the investments with any one counterparty is limited to 25 percent of the credit union's net worth and 50 percent of its net worth with all counterparties.

b. At the time the credit union purchases the securities, the counterparty, or a party fully guaranteeing the counterparty, must meet the minimum credit quality standards as approved by the credit union's board of directors.

c. The credit union must obtain a daily assessment of the market value of the securities under paragraph 17.13(3) "a" using an independent qualified agent.

d. The mortgage note repurchase transaction is limited to a maximum of 90 days.

e. All mortgage note repurchase transactions will be conducted under triparty custodial agreements.

f. A credit union must obtain an undivided interest in the securities.

17.14(10) Zero-coupon investments. A credit union may only purchase a zero-coupon investment with a maturity date that is no greater than ten years from the related settlement date, unless authorized by the superintendent.

CREDIT UNION DIVISION[189](cont'd)

17.14(11) *Commercial mortgage-related security (CMRS)*. A credit union may purchase a CMRS that would be a permissible investment for a federal credit union under 12 U.S.C. Section 1756(7)(E) or Section 1756(15)(B) subject to all of the following conditions:

- a. The credit union conducts and documents a credit analysis that reasonably concludes the CMRS is at least investment grade.
- b. The CMRS meets the definition of commercial mortgage security in 189—17.2(533).
- c. The CMRS's underlying pool of loans contains more than 50 loans with no one loan representing more than 10 percent of the pool.
- d. The aggregate amount of private label CMRS purchased by the credit union does not exceed 25 percent of its net worth, unless otherwise authorized by the superintendent.

ITEM 14. Rescind and reserve subrules **17.16(2)** and **17.16(4)**.

ARC 1581C

ETHICS AND CAMPAIGN DISCLOSURE BOARD, IOWA[351]

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 68B.32A(1), the Iowa Ethics and Campaign Disclosure Board hereby gives Notice of Intended Action to amend Chapter 4, “Campaign Disclosure Procedures,” Iowa Administrative Code.

This proposed amendment is intended to implement Iowa Code section 68A.303, which allows transfer of campaign funds to charitable organizations.

Any interested person may make written suggestions or comments on the proposed amendment no later than September 9, 2014. Such written materials should be directed to Megan Tooker, Iowa Ethics and Campaign Disclosure Board, 510 E. 12th Street, Suite 1A, Des Moines, Iowa 50319; e-mail megan.tooker@iowa.gov; or fax (515)281-4073.

The Iowa Ethics and Campaign Disclosure Board does not intend to grant waivers under the provisions of these rules, other than as allowed under the Board's general rules regarding waivers.

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

This amendment is intended to implement Iowa Code section 68A.303.

The following amendment is proposed.

Amend paragraph **4.25(1)“w”** as follows:

w. Donations to charitable organizations unless the candidate or the candidate's spouse, child, stepchild, brother, brother-in-law, stepbrother, sister, sister-in-law, stepsister, parent, parent-in-law, or stepparent is employed by the charitable organization and will receive a direct financial benefit from a donation. “Charitable organization” means an organization that is described in Section 501(c)(3) of the Internal Revenue Code that is exempt from taxation under Section 501(a) of the Internal Revenue Code.

ARC 1578C

ETHICS AND CAMPAIGN DISCLOSURE BOARD, IOWA[351]

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 68B.32A(1), the Iowa Ethics and Campaign Disclosure Board hereby gives Notice of Intended Action to amend Chapter 4, “Campaign Disclosure Procedures,” Iowa Administrative Code.

This proposed amendment is intended to implement Iowa Code section 68A.201A, which sets out the procedures for reporting contributions from federal and out-of-state committees or organizations.

Any interested person may make written suggestions or comments on the proposed amendment no later than September 9, 2014. Such written materials should be directed to Megan Tooker, Iowa Ethics and Campaign Disclosure Board, 510 E. 12th Street, Suite 1A, Des Moines, Iowa 50319; e-mail megan.tooker@iowa.gov; or fax (515)281-4073.

The Ethics and Campaign Disclosure Board does not intend to grant waivers under the provisions of these rules, other than as allowed under the Board’s general rules regarding waivers.

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

This amendment is intended to implement Iowa Code section 68A.201A.

The following amendment is proposed.

Amend subrules 4.32(3) to 4.32(6) as follows:

4.32(3) Signature. ~~The VSR shall be signed by the individual filing the VSR on behalf of the out-of-state committee.~~ A VSR that is filed electronically using the board’s Web site is deemed signed when filed.

4.32(4) Where filed. Every VSR filed for a contribution in excess of \$50 shall be filed with the board at 510 East 12th Street, Suite 1A, Des Moines, Iowa 50319, electronically using the board’s Web site at www.iowa.gov/ethics, as an E-mail attachment, or by fax at (515)281-4073.

4.32(5) When filed. The VSR shall be filed with the board by 4:30 p.m. on or before the fifteenth day after the date of the contribution, or mailed bearing a United States Postal Service postmark dated on or before the fifteenth day after the date of the contribution. If the due date falls on a Saturday, Sunday, or holiday on which the board office is closed, the due date is extended to the first working day when the board office is open. For purposes of this subrule, “date of the contribution” means the day, month, and year the contribution check is dated. If the board deems it necessary, a copy of any contribution check may be required to be filed with the board. When a copy of a check is required to be filed with the board, the copy shall be filed within ten days after notice by the board.

4.32(6) Enhanced filing. An out-of-state committee determining that the jurisdiction under which the committee is registered does not have reporting requirements substantially similar to those of Iowa Code Supplement chapter 68A may choose to comply by enhancing the committee’s filing in the other jurisdiction. The enhanced filing shall meet the reporting requirements of Iowa Code Supplement chapter 68A for the reporting period during which contributions to Iowa committees are made. The report shall cover a period of at least one month. An out-of-state committee choosing this option shall comply with the VSR procedures in subrule 4.32(2) and ~~attach a signed statement~~ affirm that the report has been enhanced to satisfy the Iowa reporting requirements.

ARC 1588C**HUMAN SERVICES DEPARTMENT[441]****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 217.6, 249A.4, and 239B.4(6), the Department of Human Services proposes to amend Chapter 7, “Appeals and Hearings,” Chapter 41, “Granting Assistance,” and Chapter 93, “PROMISE JOBS Program,” Iowa Administrative Code.

These amendments clarify when benefits or services can continue pending the outcome of an appeal. Applicable rules in Chapter 7 were revised based on the implementation of the Affordable Care Act, and the rules became effective March 1, 2014. However, it has been discovered that the rule regarding continuation of benefits or services is unclear and needs to be further defined.

These amendments also update policies that allow the Department to implement a new ineligibility period for accessing Family Investment Program (FIP) benefits with an electronic access card at a prohibited location when certain criteria are met to include when an appeal is filed within ten days of the receipt of the notice implementing the intended action.

In addition, these amendments update policies that allow the Department to implement a new limited benefit plan (LBP) when certain criteria are met to include when an appeal is filed within ten days of the receipt of the notice implementing the intended action.

These amendments also change the requirement in the PROMISE JOBS record retention policy to reflect that records shall be retained for three years instead of five years.

These amendments replace references to “general education development” and “GED” with “high school equivalency” and “high school equivalency diploma (HSED).”

Finally, these amendments remove a reference that allows PROMISE JOBS to void a limited benefit plan when verification of work hours is received within ten days of the effective date of the LBP.

Any interested person may make written comments on the proposed amendments on or before September 9, 2014. Comments should be directed to Harry Rossander, Bureau of Policy Coordination, Department of Human Services, Hoover State Office Building, Fifth Floor, 1305 East Walnut Street, Des Moines, Iowa 50319-0114. Comments may be sent by fax to (515)281-4980 or by e-mail to policyanalysis@dhs.state.ia.us.

These amendments do not provide for waivers in specified situations because requests for the waiver of any rule may be submitted under the Department’s general rule on exceptions at 441—1.8(17A,217).

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

These amendments are intended to implement Iowa Code sections 217.6, 249A.4, and 239B.4(6).

The following amendments are proposed.

ITEM 1. Amend subrule 7.9(1) as follows:

7.9(1) *When assistance continues.* ~~Assistance shall not be suspended, reduced, restricted, or canceled, nor shall a license, registration, certification, approval, or accreditation be revoked, or other proposed adverse action be taken pending a final decision on an appeal when:~~

a. Assistance, subject to paragraph 7.9(1)“b,” shall not be suspended, reduced, restricted, or canceled, nor shall a license, registration, certification, approval, or accreditation be revoked, or other proposed adverse action be taken pending a final decision on an appeal when:

a. (1) An appeal is filed within the timely notice period: before the effective date of the intended action; or

HUMAN SERVICES DEPARTMENT[441](cont'd)

~~b. (2) The appellant requests a hearing within ten days from receipt of a notice of cancellation or reduction of food assistance, family investment program, or medical assistance suspending, reducing, restricting, or canceling benefits, based on the completed report form, including:~~ or services.

~~(1) Review/Recertification Eligibility Document, Form 470-2881, 470-2881(S), 470-2881(M), or 470-4083(MS).~~

~~(2) Medicaid Review, Form 470-3118, 470-3118(S), 470-3118(M), or 470-3118(MS).~~

The date on which the notice is received is considered to be five days after the date on the notice, unless the beneficiary shows that the beneficiary did not receive the notice within the five-day period.

~~e. b.~~ If it is determined at a hearing that the issue involves only federal or state law or policy, assistance will be immediately discontinued.

ITEM 2. Amend subrule 7.9(2) as follows:

7.9(2) ~~When assistance does not continue. The adverse action appealed to suspend, reduce, restrict, or cancel assistance; revoke a license, registration, certification, approval, or accreditation; or take Assistance shall be suspended, reduced, restricted, or canceled; a license, registration, certification, approval, or accreditation shall be revoked; and other proposed action may be implemented shall be taken pending a final decision on appeal when:~~

~~a.~~ An appeal is not filed ~~within the timely notice period~~ before the effective date of the intended action or within ten days from the date notice is received. The date on which notice is received is considered to be five days after the date on the notice, unless the beneficiary shows that the beneficiary did not receive the notice within the five-day period.

~~b.~~ Benefits or services were time limited through a certification period or prior authorization for which notice was given when established or for which adequate notice was provided.

~~c.~~ The appellant directs the worker in writing to proceed with the intended action.

~~d.~~ Adverse action was taken because the appellant failed to return a complete review form.

ITEM 3. Amend subrule 7.9(5) as follows:

7.9(5) *Recovery of assistance when a new limited benefit plan is established.* Assistance issued pending the final decision of the appeal is not subject to recovery when a new limited benefit plan period is established. A new limited benefit plan period shall be established when the department is affirmed in a timely appeal of the establishment of the limited benefit plan. All of the following conditions shall exist:

~~a.~~ The appeal is filed ~~within the timely notice period of the notice of decision or notice of action establishing the beginning date of the LBP.~~ either:

~~(1) Before the effective date of the intended action on the notice of decision or notice of action establishing the beginning date of the LBP, or~~

~~(2) Within ten days from the date on which a notice establishing the beginning date of the LBP is received. The date on which notice is received is considered to be five days after the date on the notice, unless the beneficiary shows that the beneficiary did not receive the notice within the five-day period.~~

~~b.~~ Assistance is continued pending the final decision of the appeal.

~~c.~~ The department's action is affirmed.

ITEM 4. Amend subrule 7.9(6) as follows:

7.9(6) *Recovery of assistance when a new ineligibility period is established for the use of an electronic access card at a prohibited location.* Assistance issued pending the final decision of the appeal is not subject to recovery when a new ineligibility period is established for the use of an electronic access card at a prohibited location. A new ineligibility period pursuant to 441—subrule 41.25(11) shall be established when the department is affirmed in a timely an appeal of the establishment of an ineligibility period for the use of an electronic access card at a prohibited location. All of the following conditions shall exist:

~~a.~~ The appeal is filed ~~within the timely notice period of the notice of decision establishing the beginning date of the ineligibility period.~~ either:

~~(1) Before the effective date of the intended action on the notice of decision or notice of action establishing the beginning date of the ineligibility period, or~~

HUMAN SERVICES DEPARTMENT[441](cont'd)

(2) Within ten days from the date on which a notice establishing the beginning date of the ineligibility period is received. The date on which notice is received is considered to be five days after the date on the notice, unless the beneficiary shows that the beneficiary did not receive the notice within the five-day period.

- b. Assistance is continued pending the final decision of the appeal.
- c. The department's action is affirmed.

ITEM 5. Amend paragraph **41.25(11)“e”** as follows:

e. A new period of ineligibility shall be established when:

(1) A recipient ~~timely appeals the notice of decision establishing the ineligibility period,~~ files an appeal either:

1. Before the effective date of the intended action on the notice of decision or notice of action establishing the beginning date of the ineligibility period, or

2. Within ten days from the date on which a notice establishing the beginning date of the ineligibility period is received. The date on which notice is received is considered to be five days after the date on the notice, unless the beneficiary shows that the beneficiary did not receive the notice within the five-day period;

- (2) Assistance is continued pending the final decision of the appeal; and
- (3) The department's action is affirmed.

Assistance issued pending the final decision of an appeal is not subject to recovery pursuant to 441—subrule 7.9(6).

ITEM 6. Amend paragraph **93.2(2)“b”** as follows:

b. *Record keeping.* All PROMISE JOBS agencies shall maintain PROMISE JOBS participant case files and records for at least ~~five~~ three years, in either paper or electronic format. Records shall be maintained for longer than ~~five~~ three years if any litigation, audit, or claim is started and not resolved during that period. In these instances, the records must be retained for ~~five~~ three years after the litigation, audit, or claim is resolved. Case files must be disposed of in accordance with applicable federal requirements pertaining to confidentiality.

ITEM 7. Amend subparagraph **93.4(4)“b”(5)** as follows:

(5) Educational activities, including high school completion, ~~general education development (GED)~~ high school equivalency diploma (HSED) certification, adult basic education (ABE), English as a second language (ESL) training, vocational training, or postsecondary training up to and including a baccalaureate degree, as described in rule 441—93.8(239B).

ITEM 8. Amend subparagraph **93.4(4)“c”(1)** as follows:

(1) Participants aged 16 to 19 who are not parents and who have not completed high school shall be strongly encouraged to participate in educational activities to obtain a high school diploma or the equivalent. A high school education is recognized as important to achieving self-sufficiency. Participants shall be given information on the earning power of people with a high school education compared to those who do not so that participants are able to make an informed choice. If high school or ~~GED~~ high school equivalency completion is not included in a teenager's FIA, other FIA activities shall be required. High school or ~~GED~~ high school equivalency completion shall be proposed and reconsidered at the next FIA review.

ITEM 9. Amend paragraph **93.7(1)“e”** as follows:

e. *Failure to provide verification.* Failure to provide verification of work hours after receiving a written reminder will result in a limited benefit plan. ~~PROMISE JOBS can void the limited benefit plan if the participant provides verification of work hours by the tenth day following the effective date of the limited benefit plan.~~

ITEM 10. Amend subparagraph **93.8(1)“a”(3)** as follows:

(3) For participants attending high school or ~~GED~~ high school equivalency activities, adult basic education or English as a second language, the vocational goal is to improve employability by successfully completing the activity.

HUMAN SERVICES DEPARTMENT[441](cont'd)

ITEM 11. Amend paragraph **93.8(3)“e”** as follows:

e. High school or ~~GED~~ high school equivalency completion. Any participant who does not have a high school diploma or ~~GED~~ high school equivalency diploma (HSED) shall be encouraged to obtain a diploma. A participant who is 18 years of age or older may be approved to return to regular high school only when the participant can graduate within one year of the normal graduation date. ~~GED~~ High school equivalency or high school courses and other types of vocational training may run concurrently.

ITEM 12. Amend subparagraph **93.8(3)“h”(1)** as follows:

(1) A participant with no postsecondary education may be approved for training resulting in a certificate of program completion or an academic degree, such as an associate or baccalaureate degree. Participants who have not completed a high school education or ~~GED~~ received a high school equivalency diploma (HSED) may be required to do so before courses leading to an associate degree or higher are approved.

ITEM 13. Amend paragraph **93.8(6)“d”** as follows:

d. Training expenses. Participants enrolled in high school or high school equivalency completion, ~~GED~~, ABE, ESL, or postsecondary vocational training may be eligible for payment of the following expenses of training when required for participation, subject to limits in subrule 93.11(4):

(1) to (6) No change.

ITEM 14. Amend paragraph **93.8(6)“e”** as follows:

e. Direct education costs. Participants enrolled in high school or high school equivalency completion, ~~GED~~, ABE, ESL, or short-term training programs of 29 weeks or less may also be eligible for payment for direct education costs, including:

(1) to (6) No change.

ITEM 15. Amend subparagraph **93.10(1)“a”(2)** as follows:

(2) PROMISE JOBS shall allow a participant five working days from the date notice is mailed to appear for an FIA activity or work-site assignment or to provide medical documentation, ~~verification of hours of participation~~, employment verification, or any other verification, except as otherwise specified in 93.10(2).

ITEM 16. Amend subparagraph **93.10(2)“b”(3)** as follows:

(3) EXCEPTION: If the participant is under age 20 and in high school or ~~GED~~ high school equivalency classes, the participant may verify the hours by completing and submitting the PROMISE JOBS Time and Attendance Report monthly. The training provider does not need to sign the form.

ITEM 17. Amend subparagraph **93.11(4)“a”(1)** as follows:

(1) Tuition payments for high school or high school equivalency completion, ~~GED~~, ABE, ESL, or short-term training programs of 29 weeks or less shall not exceed the rate charged by the Iowa community college located nearest the participant's residence which offers a course or program comparable to the one in which the participant plans to enroll. If an Iowa community college does not offer a comparable program, the maximum tuition rate payment shall not exceed the Iowa resident rate charged by the out-of-state area school located nearest the participant's residence.

ARC 1591C**HUMAN SERVICES DEPARTMENT[441]****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 225C.6 and 2014 Iowa Acts, House File 2463, section 82, the Department of Human Services proposes to amend Chapter 25, “Disability Services Management,” Iowa Administrative Code.

The purpose of this rule making is to establish the Department’s rules for gathering expenditure data necessary to calculate county Medicaid offset in accordance with 2014 Iowa Acts, House File 2463, section 82.

Any interested person may make written comments on the proposed amendments on or before September 9, 2014. Comments should be directed to Harry Rossander, Bureau of Policy Coordination, Department of Human Services, Hoover State Office Building, Fifth Floor, 1305 East Walnut Street, Des Moines, Iowa 50319-0114. Comments may be sent by fax to (515)281-4980 or by e-mail to policyanalysis@dhs.state.ia.us.

These amendments do not provide for waivers in specified situations because requests for the waiver of any rule may be submitted under the Department’s general rule on exceptions at 441—1.8(17A,217).

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

These amendments are intended to implement Iowa Code section 225C.6 and 2014 Iowa Acts, House File 2463, section 82.

The following amendments are proposed.

ITEM 1. Amend **441—Chapter 25**, Preamble, as follows:

PREAMBLE

This chapter provides for definitions of regional core services, access and practice standards, reporting of regional expenditures, development and submission of regional management plans, data collection, and applications for funding as they relate to regional service systems for individuals with mental illness, intellectual disabilities, developmental disabilities, or brain injury, and submission of data for Medicaid offset calculations.

ITEM 2. Reserve rules **441—25.92** to **441—25.94**.

ITEM 3. Adopt the following new Division IX title in **441—Chapter 25**:

DIVISION IX
DATA SUBMISSION TO DETERMINE MEDICAID OFFSET FOR COUNTIES

ITEM 4. Adopt the following new Division IX Preamble in **441—Chapter 25**:

PREAMBLE

These rules define the department’s standards for the submission of county mental health and disability services expenditure data so that the department can calculate the Medicaid offset for each county consistent with 2014 Iowa Acts, House File 2463, section 82.

ITEM 5. Adopt the following new rules 441—25.95(426B) and 441—25.96(426B):

441—25.95(426B) Definitions.

“*Department*” means the Iowa department of human services.

“*Medicaid offset amount*” means the amount resulting from the calculations described in Iowa Code section 426B.3 as amended by 2014 Iowa Acts, House File 2463, section 82(5)“d.”

HUMAN SERVICES DEPARTMENT[441](cont'd)

“Uniform chart of accounts for Iowa county governments” means the set of codes used by counties to organize and delineate revenues and expenditures. The codes related to mental health and disability services expenditures identify diagnosis and types of services.

441—25.96(426B) Data to determine Medicaid offset. Each county must submit to the department a report that provides the county mental health and disability services data needed to calculate the Medicaid offset for the county.

25.96(1) Data required. Each county is required to submit expenditure data as specified by the department based on the agreement by the department and representatives of the mental health and disability services regions consistent with the requirements of Iowa Code section 426B.3 as amended by 2014 Iowa Acts, House File 2463, section 82(5) “b.”

25.96(2) Submission of mental health and disability services data.

a. Counties must submit the required data to the department by 4:30 p.m. on September 19, 2014, consistent with data submissions as required in subrule 25.41(3).

b. If a county fails to submit data within the required time frame or a county submits data that is demonstrably inaccurate, the department will use a pro-rata methodology to determine the county’s Medicaid offset using data submitted by other counties.

ARC 1592C

INSURANCE DIVISION[191]

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 505.8(19) and 522D.10, the Insurance Division hereby gives Notice of Intended Action to amend Chapter 85, “Regulation of Navigators,” Iowa Administrative Code.

Chapter 85 contains the rules regulating the licensing and conduct of health care navigators in the state of Iowa. The proposed subrule makes one change to the provisions. The subrule requires navigator entities to provide the Division with information regarding the termination of a navigator entity’s relationship with an individual navigator. The navigator entity must notify the Commissioner of Insurance if the individual navigator is terminated for cause. The navigator entity must notify the Division when the navigator entity is no longer recognized as a navigator by the U.S. Department of Health and Human Services. The Division is the state agency charged with regulating navigators, and this amendment enables the Division to maintain accurate records about who is acting as a navigator within the state.

The Division intends that the subrule become effective November 19, 2014, and that compliance with the adopted subrule begin on November 19, 2014, in order to allow enforcement of the subrule during open enrollment.

Any interested person may make written suggestions or comments on this proposed amendment until 4:30 p.m. on September 9, 2014. Such written comments shall be directed to the Consumer Advocate Bureau, Two Ruan Building, 601 Locust Street, Fourth Floor, Des Moines, Iowa 50309; fax (515)281-3059; e-mail Angel.Robinson@iid.iowa.gov.

A public hearing will be held September 9, 2014, at 2:30 p.m. at Two Ruan Building, 601 Locust Street, Fourth Floor, Des Moines, Iowa. Any persons who intend to attend the public hearing and have special requirements, such as those relating to hearing or mobility impairments, should contact the Consumer Advocate and advise of specific needs.

INSURANCE DIVISION[191](cont'd)

The proposed amendment is subject to the general waiver provisions of the Division in 191—4.24(17A).

This amendment is not expected to have any significant impact on jobs.

This amendment is intended to implement Iowa Code sections 505.8(19) and 522D.10.

The following amendment is proposed.

Adopt the following **new** subrule 85.9(4):

85.9(4) A navigator entity shall notify the division in writing, within 30 days, when a relationship is terminated with an individual navigator who was formally retained, employed, or affiliated with, or worked for or in conjunction, or as a part of a consortium, with that navigator entity. If a navigator entity terminates a relationship with an individual navigator for cause, the navigator entity shall notify the commissioner in writing. The navigator entity shall notify the commissioner if the reason was one of the reasons set forth in Iowa Code section 522D.7. The navigator entity shall comply with Iowa Code section 522D.8 and, upon request, furnish to the commissioner or authorized representative additional information, documents, records or other data pertaining to the termination or activity of the individual navigator.

ARC 1585C

IOWA FINANCE AUTHORITY[265]

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(1)“b” and 16.5(1)“r,” the Iowa Finance Authority proposes to amend Chapter 12, “Low-Income Housing Tax Credits,” Iowa Administrative Code.

These amendments replace the current qualified allocation plan for the Low-Income Housing Tax Credit Program with two qualified allocation plans, one for 9 percent tax credits and another for 4 percent tax credits, both of which are to be incorporated by reference in rule 265—12.1(16).

The qualified allocation plans set forth the purposes of the plans, the administrative information required for participation, threshold criteria, selection criteria, postreservation requirements, the appeal process, and the compliance monitoring component. The plans also establish the fees for filing an application for low-income housing tax credits and for compliance monitoring. Copies of the qualified allocation plans are available upon request from the Authority and are available electronically on the Authority’s Web site at www.iowafinanceauthority.gov. It is the Authority’s intent to incorporate the qualified allocation plans by reference consistent with Iowa Code chapter 17A and 265—subrules 17.4(2) and 17.12(2).

The Authority does not intend to grant waivers under the provisions of any of these rules, other than as may be allowed under the Authority’s general rules concerning waivers. The qualified allocation plans are subject to state and federal requirements that cannot be waived. (See Internal Revenue Code Section 42 and Iowa Code section 16.52.)

The Authority will receive written comments on the proposed amendments and on the qualified allocation plans until 4:30 p.m. on September 9, 2014. Comments may be addressed to Dave Vaske, Low-Income Housing Tax Credit Manager, Iowa Finance Authority, 2015 Grand Avenue, Des Moines, Iowa 50312. Comments may also be faxed to Dave Vaske at (515)725-4941 or e-mailed to dave.vaske@iowa.gov.

IOWA FINANCE AUTHORITY[265](cont'd)

The Authority will hold a public hearing on September 9, 2014, to receive public comments on these amendments and on the proposed 2015 qualified allocation plans. The public hearing will be held from 1 to 4 p.m. at the Authority's offices, located at 2015 Grand Avenue, Des Moines, Iowa.

The Authority anticipates that it may make changes to the qualified allocation plans based on comments received from the public.

After analysis and review of this rule making, the impact on jobs is expected to be consistent with the impact of previous years' QAPs. The Low-Income Housing Tax Credit Program has a substantial positive impact on job creation in Iowa with many jobs created annually in the construction, finance, and property management fields, among others.

These amendments are intended to implement Iowa Code sections 16.5(1)“r,” 16.52, 17A.12, and 17A.16 and IRC Section 42.

The following amendments are proposed.

ITEM 1. Amend rule 265—12.1(16) as follows:

~~**265—12.1(16) Qualified allocation plan plans.** The qualified allocation plan entitled Iowa Finance Authority Low-Income Housing Tax Credit Program 2014 Qualified Allocation Plan shall be the qualified allocation plan for the allocation of 2014 low-income housing tax credits consistent with IRC Section 42 and the applicable Treasury regulations and Iowa Code section 16.52. The qualified allocation plan is incorporated by reference pursuant to Iowa Code section 17A.6 and 265—subrules 17.4(2) and 17.12(2). The qualified allocation plan does not include any amendments or editions created subsequent to October 2, 2013.~~

~~**12.1(1) Four percent qualified allocation plan.** The qualified allocation plan entitled Iowa Finance Authority Low-Income Housing Tax Credit Program 4% Qualified Allocation Plan (“4% QAP”) shall be the qualified allocation plan for the allocation of 4 percent low-income housing tax credits consistent with IRC Section 42 and the applicable Treasury regulations and Iowa Code section 16.52. The 4% QAP is incorporated by reference pursuant to Iowa Code section 17A.6 and 265—subrules 17.4(2) and 17.12(2). The 4% QAP does not include any amendments or editions created subsequent to July 9, 2014.~~

~~**12.1(2) Nine percent qualified allocation plan.** The qualified allocation plan entitled Iowa Finance Authority Low-Income Housing Tax Credit Program 2015 Qualified Allocation Plan (“9% QAP”) shall be the qualified allocation plan for the allocation of 9 percent low-income housing tax credits consistent with IRC Section 42 and the applicable Treasury regulations and Iowa Code section 16.52. The 9% QAP is incorporated by reference pursuant to Iowa Code section 17A.6 and 265—subrules 17.4(2) and 17.12(2). The 9% QAP does not include any amendments or editions created subsequent to July 9, 2014.~~

ITEM 2. Amend rule 265—12.2(16) as follows:

~~**265—12.2(16) Location of copies of the plan plans.** The qualified allocation plan can be reviewed and copied in its entirety on the authority's Web site at <http://www.iowafinanceauthority.gov>. Copies of the qualified allocation plan, application, and all related attachments and exhibits shall be deposited with the administrative rules coordinator and at the state law library and shall be available on the authority's Web site. The plan incorporates by reference IRC Section 42 and the regulations in effect as of October 2, 2013. Additionally, the plan incorporates by reference Iowa Code section 16.52. These documents are available from the state law library, and information about these statutes, regulations and rules is on the authority's Web site.~~

~~**12.2(1) 4% QAP.** The 4% QAP can be reviewed and copied in its entirety on the authority's Web site at <http://www.iowafinanceauthority.gov>. Copies of the 4% QAP, application, and all related attachments and exhibits shall be deposited with the administrative rules coordinator and at the state law library and shall be available on the authority's Web site. The 4% QAP incorporates by reference IRC Section 42 and the regulations in effect as of July 9, 2014. Additionally, the 4% QAP incorporates by reference Iowa Code section 16.52. These documents are available from the state law library, and information about these statutes, regulations and rules is on the authority's Web site.~~

IOWA FINANCE AUTHORITY[265](cont'd)

12.2(2) 9% QAP. The 9% QAP can be reviewed and copied in its entirety on the authority's Web site at <http://www.iowafinanceauthority.gov>. Copies of the 9% QAP, application, and all related attachments and exhibits shall be deposited with the administrative rules coordinator and at the state law library and shall be available on the authority's Web site. The 9% QAP incorporates by reference IRC Section 42 and the regulations in effect as of July 9, 2014. Additionally, the 9% QAP incorporates by reference Iowa Code section 16.52. These documents are available from the state law library, and information about these statutes, regulations and rules is on the authority's Web site.

ITEM 3. Rescind and reserve rules **265—12.3(16)** and **265—12.4(16)**.

ARC 1574C

PHARMACY BOARD[657]

Notice of Termination

Pursuant to the authority of Iowa Code section 147.76, the Board of Pharmacy terminates the rule making initiated by its Notice of Intended Action published in the Iowa Administrative Bulletin on October 2, 2013, as **ARC 1041C**, proposing to amend Chapter 6, "General Pharmacy Practice," Iowa Administrative Code.

The Notice proposed to add to the information that must be communicated to the pharmacist receiving a prescription transfer from another pharmacy any special directions, restrictions, or notations included by the prescriber on the original prescription including but not limited to restrictions relating to drug product selection or substitution. The amendments also proposed adding a new rule 657—6.11(155A) establishing requirements for drug product selection and "do not substitute" restrictions.

The Board is terminating the rule making commenced in **ARC 1041C** based on comments and objections received from members of the public, health care professionals, and health care professional organizations. The Board will continue to review the issues raised by the numerous commenters.

ARC 1584C

PROFESSIONAL LICENSURE DIVISION[645]

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 147.76, the Board of Barbering hereby gives Notice of Intended Action to amend Chapter 21, "Licensure," and Chapter 23, "Barber Schools," Iowa Administrative Code.

This rule making:

- Amends the requirement to send a renewal notice to barber practitioners and barbershops in order to be consistent with legislative changes to Iowa Code section 147.10.
- Gives barber schools the option to establish a mentoring program to provide students with an introduction to operating a barbershop and to small business practices.
- Incorporates references to the sections of the Iowa Code administered by the Iowa College Student Aid Commission that require a school to be in compliance with state tuition refund policies and financial responsibilities as a requirement of licensure.

All other changes are technical in nature.

Interested parties were provided an opportunity to comment on the proposed amendments prior to publication of this Notice. The proposed amendments were distributed to barber schools, Cosmetology

PROFESSIONAL LICENSURE DIVISION[645](cont'd)

and Barbers of Iowa (CBI) and the Iowa College Student Aid Commission. The Board received no written comments on the proposed amendments.

Any interested person may make written comments on the proposed amendments no later than September 9, 2014, addressed to Susan Reynolds, Professional Licensure Division, Department of Public Health, Lucas State Office Building, Des Moines, Iowa 50319-0075; e-mail susan.reynolds@idph.state.ia.us.

A public hearing will be held on September 9, 2014, from 9 to 9:30 a.m. in the Fifth Floor Board Conference Room, Lucas State Office Building, at which time persons 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.

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

These amendments are intended to implement Iowa Code chapters 21, 158 and 272C and section 147.10.

The following amendments are proposed.

ITEM 1. Amend subrule 21.9(1) as follows:

21.9(1) The biennial license renewal period for a license to practice barbering shall begin on July 1 of each even-numbered year and end on June 30 of each even-numbered year. All licensees shall renew on a biennial basis. ~~The board shall send a renewal notice by regular mail to each licensee at the address on record at least 60 days prior to the expiration of the license.~~ The licensee is responsible for renewing the license prior to its expiration. Failure of the licensee to receive the notice from the board does not relieve the licensee of the responsibility for renewing the license.

ITEM 2. Amend subrule 21.12(2) as follows:

21.12(2) ~~The renewal application shall be mailed to the barbershop at least 60 days prior to the expiration of the license.~~ Failure to receive the renewal application from the board shall not relieve the barbershop of the obligation to pay the biennial renewal fee on or before the renewal date.

ITEM 3. Adopt the following **new** definitions of “Mentor” and “Mentoring program” in rule **645—23.1(158)**:

“*Mentor*” means a licensee providing guidance in a mentoring program.

“*Mentoring program*” means a program allowing students to experience barbering in a licensed barbershop under the guidance of a mentor.

ITEM 4. Amend subrule 23.2(1) as follows:

23.2(1) An application shall be submitted to the Board of Barbering, Iowa Department of Public Health, Lucas State Office Building, Des Moines, Iowa 50319-0075. The following information shall be submitted with the application:

- a. The exact location of the proposed barber school;
- b. A copy of the essential parts of the lease or other documents to provide proof that the owner of the school has occupancy rights for a minimum of one year;
- c. A sworn affidavit that proves the existence of sufficient finances to acquire the facilities and equipment required by the board and to operate the proposed barber school for a minimum of one year; ~~and~~
- d. A complete plan of the physical facilities and an explanation detailing how the facilities will be utilized relative to the number of students and to the classroom and clinic space; and
- e. Copies of the catalog, brochure, enrollment contract, mentoring contract, student policies, and cancellation and refund policies that will be used by the school or distributed by the school to students and the public.

ITEM 5. Rescind subrule 23.2(5) and adopt the following **new** subrule in lieu thereof:

23.2(5) Instruction of students shall not begin until the school license is issued and the applicant has complied with Iowa Code section 714.18 and, as applicable, Iowa Code section 714.23.

PROFESSIONAL LICENSURE DIVISION[645](cont'd)

ITEM 6. Amend paragraph **23.10(3)“a”** as follows:

a. Be attired in clean and neat uniforms at all times during school hours and during participation in the mentoring program.

ITEM 7. Adopt the following new rule 645—23.16(158):

645—23.16(158) Mentoring program. Each barber school that elects to have a mentoring program must have a contract between the student, the school and the barbershop mentor that includes scheduling, liability insurance and details of training.

23.16(1) Students shall not begin a mentoring program until they have completed a minimum of 50 percent of the total contact or credit hours required for graduation and any other requirements of the mentoring program as established by the school.

23.16(2) Students may participate in a mentoring program for no more than 10 percent of the total contact or credit hours required for graduation.

23.16(3) Students shall be under supervision of the mentor at all times. Students may perform the following activities: act as receptionist, handle retail sales, sanitize the barbershop, consult with clients (to acquire customer service skills), take inventory, order supplies, prepare payroll, pay monthly bills, and hand equipment to the barber.

23.16(4) The barbershop mentor’s responsibilities include the following: introduce the student to the barbershop and the clients, record the time of the student’s attendance at the barbershop, prepare an evaluation of the student, discuss the student’s performance with the student, and allow the student to observe barbershop operations.

23.16(5) Neither the barbershop nor the school shall compensate students participating in the mentoring program.

ARC 1590C

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 421.14 and 422.68, the Department of Revenue hereby gives Notice of Intended Action to amend Chapter 12, “Filing Returns, Payment of Tax, Penalty and Interest,” Chapter 38, “Administration,” Chapter 40, “Determination of Net Income,” Chapter 41, “Determination of Taxable Income,” Chapter 42, “Adjustments to Computed Tax and Tax Credits,” Chapter 43, “Assessments and Refunds,” Chapter 46, “Withholding,” Chapter 49, “Estimated Income Tax for Individuals,” Chapter 52, “Filing Returns, Payment of Tax, Penalty and Interest, and Tax Credits,” Chapter 58, “Filing Returns, Payment of Tax, Penalty and Interest, and Tax Credits,” and Chapter 70, “Replacement Tax and Statewide Property Tax,” Iowa Administrative Code.

These amendments are proposed as a result of 2014 Iowa Acts, House Files 2438, 2454, 2459, 2460, 2468 and 2473, and 2014 Iowa Acts, Senate Files 303, 2328, 2337, 2343, 2344 and 2359.

Item 1 amends rule 701—12.18(423) to provide for changes to the biodiesel production refund for the 2015-2017 calendar years.

Items 2 and 3 amend rule 701—38.13(422) to clarify that the provisions of rule 701—40.45(422) regarding the treatment of deferred compensation, pensions or annuities for nonresidents of Iowa supersede the provisions of the reciprocal tax agreement between Iowa and Illinois.

Item 4 amends rule 701—40.3(422) to provide for changes in the list of bonds issued by the state and its political subdivisions for which interest is exempt for both federal and Iowa income tax.

REVENUE DEPARTMENT[701](cont'd)

Item 5 amends rule 701—40.47(422) regarding the partial exclusion of pensions and other retirement benefits for disabled individuals, individuals who are 55 years of age or older, surviving spouses and survivors to reference the exclusion of military retirement pay set forth in Item 6 for tax years beginning on or after January 1, 2014.

Item 6 adopts new rule 701—40.80(422) to provide for the exclusion of military retirement pay for Iowa individual income tax for tax years beginning on or after January 1, 2014.

Item 7 amends paragraph 41.3(1)“b” to clarify that the federal income tax deduction available for Iowa individual income tax does not include the additional .9 percent Medicare tax computed under Section 3101(b)(2) of the Internal Revenue Code for tax years beginning on or after January 1, 2013.

Item 8 amends subrule 41.5(3) regarding the adoption expense deduction for Iowa individual income tax to clarify how the deduction is computed if a taxpayer claims an adoption tax credit as set forth in Item 28 for tax years beginning on or after January 1, 2014.

Item 9 amends the implementation sentence for rule 701—41.5(422).

Items 10, 11 and 12 amend subrules 42.5(1) and 42.5(2) and paragraph 42.6(3)“a” to clarify that the Iowa income percentage used to compute the nonresident/part-year resident tax credit and the out-of-state tax credit for Iowa individual income tax should be rounded to the nearest tenth of a percent.

Item 13 amends subrule 42.15(1) to provide for changes to the child and dependent care credit for Iowa individual income tax for tax years beginning on or after January 1, 2015.

Item 14 amends the implementation sentence for rule 701—42.15(422).

Item 15 amends subrule 42.22(1) to provide for changes in the investment tax credit for an equity investment in a qualifying business for Iowa individual income tax for tax years beginning on or after January 1, 2014.

Item 16 amends the implementation sentence for rule 701—42.22(15E,422).

Items 17 and 18 amend subrules 42.28(1) and 42.28(2) to provide for changes in the renewable energy tax credit for Iowa individual income tax.

Item 19 amends the implementation sentence for rule 701—42.28(422,476C).

Item 20 amends rule 701—42.36(175,422) to provide for changes in the agricultural assets transfer tax credit for Iowa individual income tax.

Item 21 amends rule 701—42.43(16,422) to provide for the repeal of the disaster recovery housing project tax credit for Iowa individual income tax.

Item 22 amends the implementation sentence for rule 701—42.43(16,422).

Items 23 and 24 amend rule 701—42.46(422) to provide for changes in the E-15 plus gasoline promotion tax credit for individual income tax for tax years beginning on or after January 1, 2014.

Item 25 amends the implementation sentence for rule 701—42.46(422).

Item 26 amends rule 701—42.49(422) to provide for changes to the volunteer fire fighter and volunteer medical services personnel tax credit for individual income tax for tax years beginning on or after January 1, 2014, as well as providing that reserve peace officers are now eligible for this credit for tax years beginning on or after January 1, 2014.

Item 27 amends rule 701—42.50(422) to reflect the actual amount of the taxpayers trust fund tax credit for Iowa individual income tax for the 2013 tax year, as well as clarifying that fiscal year filers whose tax years do not begin on January 1 are eligible to claim this credit.

Item 28 adopts new rule 701—42.52(422) to provide for the adoption tax credit for Iowa individual income tax for tax years beginning on or after January 1, 2014.

Item 29 updates the implementation sentence for rule 701—43.4(68A,422,456A), which provides that there is no change in the four tax checkoffs that are available for Iowa individual income tax for the 2014 and 2015 tax years.

Item 30 amends rule 701—46.6(422) to update the amounts available to be transferred to the workforce development fund for fiscal years beginning on or after July 1, 2014.

Item 31 adopts new subrule 49.7(4) to provide how interest should be accrued on an assessment for Iowa individual income tax when the Iowa return reflected an estimated tax carryforward credited to the next tax year.

Item 32 amends the implementation sentence for rule 701—49.7(422).

REVENUE DEPARTMENT[701](cont'd)

Item 33 amends paragraph 52.1(5)“b” to provide that no adjustment is made for 50 percent of federal income tax or Iowa corporation income tax when computing the Iowa tax on built-in gains for S corporations for tax years beginning on or after January 1, 2014.

Item 34 amends subrule 52.21(1) to provide for changes in the investment tax credit for an equity investment in a qualifying business for Iowa corporation income tax for tax years beginning on or after January 1, 2014. This change is similar to the change in Item 15.

Item 35 amends the implementation sentence for rule 701—52.21(15E,422).

Items 36 and 37 amend subrules 52.27(1) and 52.27(2) to provide for changes in the renewable energy tax credit for Iowa corporation income tax. This change is similar to the changes in Items 17 and 18.

Item 38 amends the implementation sentence for rule 701—52.27(422,476C).

Item 39 amends rule 701—52.33(175,422) to provide for changes in the agricultural assets transfer tax credit for Iowa corporation income tax. This change is similar to the change in Item 20.

Item 40 amends rule 701—52.42(16,422) to provide for the repeal of the disaster recovery housing project tax credit for Iowa corporation income tax. This change is similar to the change in Item 21.

Item 41 amends the implementation sentence for rule 701—52.42(16,422).

Items 42 and 43 amend rule 701—52.43(422) to provide for changes in the E-15 plus gasoline promotion tax credit for Iowa corporation income tax for tax years beginning on or after January 1, 2014. This change is similar to the changes in Items 23 and 24.

Item 44 amends the implementation sentence for rule 701—52.43(422).

Item 45 amends subrule 58.11(1) to provide for changes in the investment tax credit for an equity investment in a qualifying business for Iowa franchise tax for tax years beginning on or after January 1, 2014. This change is similar to the change in Items 15 and 34.

Item 46 amends the implementation sentence for rule 701—58.11(15E,422).

Item 47 amends subrule 70.12(1) to provide for changes in the renewable energy tax credit for Iowa replacement tax. This change is similar to the changes in Items 17, 18, 36 and 37.

Item 48 amends the implementation sentence for rule 701—70.12(437A).

The proposed amendments will not necessitate additional expenditures by political subdivisions or agencies and entities which contract with political subdivisions.

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 has determined that these proposed amendments may have an impact on small business. 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 September 22, 2014, to the Policy Section, Policy and Communications Division, Department of Revenue, Hoover State Office Building, P.O. Box 10457, Des Moines, Iowa 50306. 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.

Any interested person may make written suggestions or comments on these proposed amendments on or before September 9, 2014. Such written comments should be directed to the Policy Section, 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 the Policy Section, 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 a public hearing must be received by September 9, 2014.

After analysis and review of this rule making, no adverse impact on jobs has been found. The tax credits may positively impact job and economic growth for businesses and individuals in the state of Iowa.

These amendments are intended to implement Iowa Code section 15E.43 as amended by 2014 Iowa Acts, Senate File 2359; Iowa Code section 422.5 as amended by 2014 Iowa Acts, Senate File 303; Iowa Code section 422.7 as amended by 2014 Iowa Acts, House File 2438 and Senate Files 303 and 2328;

REVENUE DEPARTMENT[701](cont'd)

Iowa Code section 422.9 as amended by 2014 Iowa Acts, House File 2468; Iowa Code sections 422.11M and 422.11X as amended by 2014 Iowa Acts, Senate File 2328; Iowa Code section 422.11Y as amended by 2014 Iowa Acts, Senate File 2344; Iowa Code section 422.12 as amended by 2014 Iowa Acts, House File 2459; Iowa Code section 422.12C as amended by 2014 Iowa Acts, Senate File 2337; Iowa Code sections 422.12D and 422.12L as amended by 2014 Iowa Acts, House File 2473; Iowa Code section 422.16A as amended by 2014 Iowa Acts, House File 2460; Iowa Code section 422.33 as amended by 2014 Iowa Acts, House File 2473 and Senate File 2328; Iowa Code section 423.4 as amended by 2014 Iowa Acts, Senate File 2344; Iowa Code section 476C.1 as amended by 2014 Iowa Acts, Senate File 2343; 2014 Iowa Acts, Senate File 2328 and House File 2454; and 2014 Iowa Acts, House File 2468, section 1.

The following amendments are proposed.

ITEM 1. Amend rule 701—12.18(423) as follows:

701—12.18(423) Biodiesel production refund. A refund of sales or use tax is available for certain producers of biodiesel for calendar years 2012 to ~~2014~~ 2017.

12.18(1) *Qualifications for the refund.* A biodiesel producer must meet the following criteria to be eligible for the refund.

a. The producer must be engaged in the manufacture of biodiesel and have registered with the United States Environmental Protection Agency as a manufacturer in accordance with the requirements of 40 CFR Part 79.4.

b. The biodiesel produced must be for use in biodiesel blended fuel in accordance with Iowa Code section 214A.2.

c. The biodiesel must be produced in Iowa.

12.18(2) *Calculation of the refund.*

a. The refund is calculated by multiplying the total number of gallons produced by the biodiesel producer in this state during each quarter of the calendar year by the following rate:

(1) For the calendar year 2012, three cents.

(2) For the calendar year 2013, two and one-half cents.

(3) For the calendar ~~year 2014~~ years 2014 to 2017, two cents.

b. The refund is calculated on the first 25 million gallons of biodiesel produced at each facility during the calendar year. No refund will be allowed on gallons produced in excess of 25 million at a facility during each of the calendar years 2012 to ~~2014~~ 2017. No refund will be allowed for gallons produced at a facility on or after January 1, ~~2015~~ 2018.

12.18(3) *Claiming the tax credit.* The refund shall be computed after subtracting any amount of sales or use tax imposed and paid upon purchases made by the biodiesel producer. The biodiesel producer must file and report the amount of sales or use tax upon purchases made during each calendar year quarter from 2012 to ~~2014~~ 2017 by filing a quarterly sales or use tax return. The biodiesel producer must then file Form IA 843, Claim for Refund, for each calendar quarter and report all of the following:

a. The amount of biodiesel produced during the quarter at each facility.

b. The calculation of the biodiesel production refund.

c. The amount of sales or use tax paid upon purchases during the quarter.

d. The amount of biodiesel production refund requested.

EXAMPLE: A biodiesel producer produced 5 million gallons during the first quarter of 2012. The producer owes \$10,000 of Iowa consumers use tax based on purchases made during the first quarter of 2012. The producer will file an Iowa consumers use tax return and report \$10,000 of tax due, but this amount will not be paid with the return. The producer will also file Form IA 843, Claim for Refund, to request a refund of \$140,000 for the first quarter of 2012. This amount is calculated by multiplying 5 million gallons ~~times~~ by three cents, or \$150,000, less the \$10,000 of Iowa consumers use tax due.

This rule is intended to implement Iowa Code section 423.4 as amended by ~~2011~~ 2014 Iowa Acts, Senate Files ~~531 and 533~~ File 2344.

REVENUE DEPARTMENT[701](cont'd)

ITEM 2. Amend rule 701—38.13(422), introductory paragraph, as follows:

701—38.13(422) Reciprocal tax agreements. Effective for tax years beginning on or after January 1, 2002, the department of revenue may, when the action has been approved by the general assembly and the governor, and when it is cost-efficient, administratively feasible, and of mutual benefit to Iowa and another state, enter into a reciprocal tax agreement with a tax administration agency of the other state. Under this agreement, income earned from personal services in Iowa by residents of the other state will be exempt from Iowa income tax if the other state provides an identical exemption from its state income tax for income earned in the other state from personal services by Iowa residents. For purposes of this rule, “income earned from personal services” includes wages, salaries, commissions, tips, deferred compensation, pensions, and annuities which were earned from personal services in Iowa by a resident of another state that had a reciprocal tax agreement with Iowa at the time the wages, salaries, commissions, tips, deferred compensation, pensions, or annuities were earned. See rule 701—40.45(422) for the treatment of deferred compensation, pensions, or annuities received by a nonresident of Iowa related to the documented retirement of a participant in a deferred compensation plan, a pensioner or an annuitant. The provisions of rule 701—40.45(422) supersede the definition of “income earned from personal services” under any reciprocal agreement as it relates to deferred compensation, pensions, or annuities.

ITEM 3. Amend paragraph **38.13(1)“g”** as follows:

g. For purposes of the agreement, “compensation” means wages, salaries, commissions, tips, deferred compensation, pensions, and annuities and any other remuneration paid for personal services. In the case of deferred compensation, pensions, and annuities, those incomes are deemed to have been earned at the time of employment. Therefore, if an Illinois resident receives a pension or annuity from employment in Iowa at the time the reciprocal agreement was in effect, the pension or annuity income is not taxable to Iowa since it is “compensation” covered by the reciprocal agreement. See rule 701—40.45(422) for the treatment of deferred compensation, pensions, or annuities received by an Illinois resident related to the documented retirement of a participant in a deferred compensation plan, a pensioner or an annuitant. The provisions of rule 701—40.45(422) supersede the definition of “compensation” under the reciprocal agreement with Illinois. “Compensation” does not include unemployment compensation benefits which an Illinois resident receives due to employment in Iowa.

ITEM 4. Amend rule 701—40.3(422) as follows:

701—40.3(422) Interest and dividends from foreign securities, ~~and securities of state and their other political subdivisions.~~ Interest and dividends from foreign securities and from securities of state and ~~their other~~ other political subdivisions are to be included in Iowa net income. Certain types of interest and dividends, because of specific exemption, are not includable in income for federal tax purposes. To the extent such income has been excluded for federal income tax purposes, unless the item of income is specifically exempted from state taxation by the laws or constitution of Iowa or of the United States, it must be added to Iowa taxable income.

The following is a noninclusive listing of bonds issued by the state of Iowa and its political subdivisions, interest on which is exempt from both federal and state income taxes.

1. Board of regents: Bonds issued under Iowa Code sections 262.41, 262.51, 262.60, 262A.8, and 263A.6.
2. Urban renewal: Bonds issued under Iowa Code section 403.9(2).
3. Municipal housing law - low-income housing: Bonds issued under Iowa Code section 403A.12.
4. Subdistricts of soil conservation districts, revenue bonds: Bonds issued under Iowa Code section 161A.22.
5. Aviation authorities, revenue bonds: Bonds issued under Iowa Code section 330A.16.
6. Rural water districts: Bonds and notes issued under Iowa Code section 357A.15.
7. ~~Iowa Alcoholic Beverage Control Act—Warehouse project: Bonds issued under Iowa Code section 123.159.~~

REVENUE DEPARTMENT[701](cont'd)

- ~~8.~~ 7. County health center: Bonds issued under Iowa Code section 331.441(2) “c”(7).
- ~~9.~~ 8. Iowa finance authority, water pollution control works and drinking water facilities financing: Bonds issued under Iowa Code section 16.131(5).
- ~~10.~~ 9. ~~Agricultural Development~~ Iowa finance authority, beginning farmer loan program: Bonds issued under Iowa Code section ~~175.17(10)~~ 16.64.
- ~~11.~~ 10. Iowa finance authority, Iowa comprehensive petroleum underground storage tank fund: Bonds issued under Iowa Code section 455G.6(14).
- ~~12.~~ 11. Iowa finance authority, E911 program notes and bonds: Bonds issued under Iowa Code section 34A.20(6).
- ~~13.~~ 12. Quad Cities interstate metropolitan authority bonds: Bonds issued under Iowa Code section 28A.24.
- ~~14.~~ 13. Prison infrastructure revenue bonds: Bonds issued under Iowa Code sections 12.80(3) and 16.177(8).
- ~~15.~~ 14. Community college residence halls and dormitories bonds: Bonds issued under Iowa Code section ~~260C.61~~.
- ~~16.~~ 15. Community college bond program bonds: Bonds issued under Iowa Code section 260C.71(6).
- ~~17.~~ 16. Interstate bridges bonds: Bonds issued under Iowa Code section 313A.36.
- ~~18.~~ 17. Iowa higher education loan authority: Obligations issued by the authority pursuant to Iowa Code section 261A.27.
- ~~19.~~ 18. Vision Iowa program: Bonds issued pursuant to Iowa Code section 12.71(8).
- ~~20.~~ 19. School infrastructure program bonds: Bonds issued under Iowa Code section 12.81(8).
- ~~21.~~ 20. Honey Creek premier destination park bonds: Bonds issued under Iowa Code section 463C.12(8).
- ~~22.~~ 21. Iowa utilities board and Iowa consumer advocate building project bonds: Bonds issued under Iowa Code section 12.91(9).

~~23.~~ 22. Iowa jobs program revenue bonds: Bonds issued under Iowa Code section 12.87(8).

Interest from repurchase agreements involving obligations of the type discussed in this rule is subject to Iowa income tax. *Nebraska Department of Revenue v. John Loewenstein*, 513 US 123 (1994). *Everett v. State Dept. of Revenue and Finance*, 470 N.W.2d 13 (Iowa 1991).

For the treatment of interest or dividends from regulated investment companies (mutual funds) that invest in obligations of the type discussed in this rule, see rule 701—40.52(422).

Gains and losses from the sale or other disposition of bonds issued by the state of Iowa or its political subdivisions, as distinguished from interest income, shall be taxable for state income tax purposes.

This rule is intended to implement Iowa Code section 422.7 as amended by ~~2013~~ 2014 Iowa Acts, House File ~~575~~ 2438.

ITEM 5. Amend rule 701—40.47(422), introductory paragraph, as follows:

701—40.47(422) Partial exclusion of pensions and other retirement benefits for disabled individuals, individuals who are 55 years of age or older, surviving spouses, and survivors. For tax years beginning on or after January 1, 1995, an individual who is disabled, is 55 years of age or older, is a surviving spouse, or is a survivor with an insurable interest in an individual who would have qualified for the exclusion is eligible for a partial exclusion of retirement benefits received in the tax year. For tax years beginning on or after January 1, 2001, the partial exclusion of retirement benefits received in the tax year is increased up to a maximum of \$6,000 for a person other than a husband or wife who files a separate state return and up to a maximum of \$12,000 for a husband and wife who file a joint Iowa return. For tax years beginning on or after January 1, 1998, the partial exclusion of retirement benefits received in the tax year was increased up to a maximum of \$5,000 for a person, other than a husband or wife who files a separate state income tax return, and up to a maximum of \$10,000 for a husband and wife who file a joint state income tax return. A husband and wife filing separate state income tax returns or separately on a combined state return are allowed a combined exclusion of retirement benefits of up to a maximum of \$10,000 for tax years beginning in 1998, 1999 and 2000 and a combined exclusion

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of up to a maximum of \$12,000 for tax years beginning on or after January 1, 2001. The \$10,000 or \$12,000 exclusion shall be allocated to the husband and wife in the proportion that each spouse's respective pension and retirement benefits received bear to the total combined pension and retirement benefits received by both spouses. See rule 701—40.80(422) for the exclusion of military retirement pay for tax years beginning on or after January 1, 2014.

ITEM 6. Adopt the following **new** rule 701—40.80(422):

701—40.80(422) Exemption for military retirement pay. For tax years beginning on or after January 1, 2014, retirement pay received by taxpayers from the federal government for military service performed in the armed forces, armed forces reserves, or national guard are exempt from state income tax. In addition, amounts received by a surviving spouse, former spouse, or other beneficiary of a taxpayer who served in the armed forces, armed forces reserves, or national guard under the Survivor Benefit Plan are also exempt from state income tax for tax years beginning on or after January 1, 2014. The retirement pay is only deductible to the extent it is included in the taxpayer's federal adjusted gross income.

40.80(1) Coordination with pension exclusion. The exclusion of retirement pay is in addition to the partial exclusion, provided in rule 701—40.47(422), of pensions and other retirement benefits for disabled individuals, individuals who are 55 years of age or older, surviving spouses and survivors. In addition, taxpayers who receive retirement pay under federal law that combines retirement pay for both uniformed service and the federal civil service retirement system or federal employees' retirement system must prorate the retirement pay based on years of service.

EXAMPLE 1: A married individual who is 60 years of age receives \$20,000 of federal retirement pay from military service and \$30,000 in retirement pay from the Iowa public employees' retirement system during the 2014 tax year. The taxpayer can exclude \$20,000 of military retirement pay and \$12,000 as a pension exclusion under rule 701—40.47(422), for a total exclusion of \$32,000 on the taxpayer's Iowa individual income tax return for the 2014 tax year.

EXAMPLE 2: A single taxpayer who is 65 years of age receives \$60,000 as a federal pension during the 2014 tax year. The taxpayer has 20 years of military service and 27 years of civilian employment with the federal government. The military retirement pay portion is \$25,532 (20 years divided by 47 years multiplied by \$60,000). The taxpayer can exclude \$25,532 of military retirement pay and \$6,000 as a pension exclusion under rule 701—40.47(422), for a total exclusion of \$31,532 on the taxpayer's Iowa individual income tax return for the 2014 tax year.

40.80(2) Coordination with filing threshold and alternate tax. The military retirement pay is excluded from the calculation of income used to determine whether an Iowa income tax return is required to be filed pursuant to 701—subrules 39.1(1) and 39.5(10) through 39.5(13). In addition, the military retirement pay is excluded from the calculation of the special tax computation for all low-income taxpayers except single taxpayers pursuant to rule 701—39.9(422) and is excluded from the calculation of the special tax computation for taxpayers who are 65 years of age or older under rule 701—39.15(422).

40.80(3) Iowa withholding. The amount of military retirement pay is excluded from the calculation of payments used to determine whether Iowa tax should be withheld from pension and annuity payments as determined pursuant to 701—subrule 46.3(4).

This rule is intended to implement Iowa Code sections 422.5 and 422.7 as amended by 2014 Iowa Acts, Senate File 303.

ITEM 7. Amend paragraph **41.3(1)“b”** as follows:

b. Tax paid at any time during the taxable year on a filing of federal estimated tax or on any amendment to such filing. Where a husband and wife file separate Iowa returns or separately on a combined Iowa return, the federal estimated tax payments made in the tax year shall be prorated between the spouses by the ratio of each spouse's income not subject to withholding to the total income not subject to withholding of both spouses, including the federal estimated tax payment made in January of the tax year which was made for the prior tax year. If an estimated tax payment or portion of the payment is made for self-employment tax, then the spouse who has earned the self-employment income shall report

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the amount of estimated tax designated as self-employment tax. The federal tax deduction for the tax year does not include the self-employment tax paid through the federal estimated payments made in the tax year. In addition, the federal tax deduction does not include the additional .9 percent Medicare tax computed under Section 3101(b)(2) of the Internal Revenue Code for tax years beginning on or after January 1, 2013. However, one-half of the self-employment tax paid in the tax year is deductible in computing federal adjusted gross income pursuant to Section 164(f) of the Internal Revenue Code, so this self-employment tax is also deductible in computing net income. If an estimated tax payment or portion of the payment is made for the federal net investment income tax computed under Section 1411 of the Internal Revenue Code for tax years beginning on or after January 1, 2013, see paragraph 41.3(1) “f” on how the federal net income tax should be prorated between spouses.

ITEM 8. Amend subrule 41.5(3) as follows:

41.5(3) Adoption expense deduction. Unreimbursed amounts paid by the taxpayer in the adoption of a child if placed by a licensed agency under Iowa Code chapter 238, by an agency that meets the provisions of the interstate compact in Iowa Code section 232.158 or by a person making an independent placement under Iowa Code chapter 600, which exceed 3 percent of the taxpayer’s net income, or the combined net income of a husband and wife in the case of married taxpayers filing a joint return, will be allowed as a deduction in the year paid. Qualifying expenses include all medical, hospital, legal fees, welfare agency fees, and all other costs relating to the adoption of a child. Those expenses claimed for adoption purposes may not be claimed elsewhere on the individual income tax return for tax years beginning before January 1, 2014. For tax years beginning on or after January 1, 2014, an adoption tax credit equal to the first \$2,500 of qualified adoption expenses can be claimed in accordance with rule 701—42.52(422), but the expenses claimed for the credit cannot be allowed as a deduction under this subrule.

EXAMPLE: The Joneses, a married couple whose combined net income for 2014 is \$100,000, incur \$6,000 of qualified adoption expenses and claim a \$2,500 adoption tax credit in accordance with rule 701—42.52(422). The amount of expenses in excess of 3 percent of their combined net income is \$3,000. Since the taxpayers claimed a \$2,500 adoption tax credit, only \$500 of expenses is eligible for the deduction.

ITEM 9. Amend rule **701—41.5(422)**, implementation sentence, as follows:

This rule is intended to implement Iowa Code ~~sections~~ section 422.7 and section 422.9 as amended by ~~2013~~ 2014 Iowa Acts, ~~Senate House~~ Senate File ~~406~~ 2468.

ITEM 10. Amend subrule **42.5(1)**, first unnumbered paragraph, as follows:

The nonresident/part-year resident credit is computed on Schedule IA 126. The lines referred to in this subrule are from Schedule IA 126 and Form IA 1040 for the 2008 tax year. Similar lines on the schedule and form may apply for subsequent tax years. The individual’s Iowa source net income from lines 1 through 25 of the schedule is totaled on line 26 of the schedule. If the nonresident’s Iowa source net income is less than \$1,000, the taxpayer is not subject to Iowa income tax and is not required to file an Iowa income tax return for the tax year. However, if the Iowa source net income amount is \$1,000 or more, the Iowa source net income is then divided by the person’s all source net income on line 27 of Schedule IA 126 to determine the percentage of the Iowa net income to all source net income. This Iowa income percentage, which is rounded to the nearest tenth of a percent, is inserted on line 28 of the schedule, and this percentage is then subtracted from 100 percent to arrive at the nonresident/part-year resident credit percentage or the percentage of the individual’s total income which was earned outside Iowa. The nonresident/part-year resident credit percentage is entered on line 29 of Schedule IA 126. The Iowa income tax on total income from line 43 of the IA 1040 is entered on line 30 of Schedule IA 126. The total of nonrefundable credits from line 49 of the IA 1040 is then shown on line 31 of Schedule IA 126. The amount on line 31 is subtracted from the amount on line 30, which results in the Iowa total tax after nonrefundable credits, which is entered on line 32. This Iowa tax-after-credits amount is multiplied by the nonresident/part-year resident credit percentage from line 29 to compute the nonresident/part-year resident credit. The amount of the credit is inserted on line 33 of Schedule IA 126 and on line 51 of the IA 1040.

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ITEM 11. Amend subrule **42.5(2)**, second unnumbered paragraph, as follows:

Income earned outside Iowa by the part-year resident during the portion of the year the individual was an Iowa resident is taxable to Iowa and is part of the individual's Iowa source income. To compute the nonresident/part-year resident credit for a part-year resident, the taxpayer's Iowa source income on Schedule IA 126 is totaled. If the Iowa source income is less than \$1,000, the taxpayer is not subject to Iowa income tax and is not required to file an Iowa return. If the Iowa source income is \$1,000 or more, it is divided by the taxpayer's all source net income on line 27 of Schedule IA 126. The percentage computed by this procedure is the Iowa income percentage and is entered on line 28 of the Schedule IA 126. The Iowa income percentage, which is rounded to the nearest tenth of a percent, is then subtracted from 100 percent to arrive at the nonresident/part-year resident credit percentage₂, which is entered on line 29 of Schedule IA 126. The Iowa tax from line 43 of the IA 1040 is then shown on line 30 of Schedule IA 126. The total of the Iowa nonrefundable credits from line 49 of the IA 1040 is entered on line 31 of Schedule IA 126 and is subtracted from the Iowa tax amount on line 30. The tax-after-credits amount on line 32 is next multiplied by the nonresident/part-year resident credit percentage from line 28. The amount calculated from this procedure is the nonresident/part-year resident credit₂, which is shown on line 33 of Schedule IA 126 and on line 51 of Form IA 1040.

ITEM 12. Amend paragraph **42.6(3)“a”** as follows:

a. The limitation on the tax credit must be computed according to the following formula: Gross income taxed by another state or foreign country that is also taxed by Iowa shall be divided by the total gross income of the Iowa resident taxpayer. This quotient, multiplied by the net Iowa tax as determined on the total gross income of the taxpayer as if entirely earned in Iowa, shall be the maximum tax credit against the Iowa net tax. This quotient shall be computed as a percentage ~~with a minimum of one decimal place~~ rounded to the nearest tenth of a percent. However, if the income tax paid to the other state or foreign country on the gross income taxed by the other state or foreign country is less than the maximum tax credit against the Iowa tax, the out-of-state credit allowed against the Iowa tax may not exceed the income tax paid to the other state or foreign country. The income tax paid to the other state or foreign country is the net state or foreign income tax actually paid for the tax year on the income taxed by the other state or foreign country and not the state or foreign income tax paid during the tax year, such as state income tax or foreign income tax withheld from the income taxed by the other state or foreign country.

ITEM 13. Amend subrule 42.15(1), introductory paragraph, as follows:

42.15(1) *Computation of the Iowa child and dependent care credit.* The Iowa child and dependent care credit is computed as a percentage of the child and dependent care credit which is allowed for federal income tax purposes under Section 21 of the Internal Revenue Code. For taxpayers whose federal child and dependent care credit is limited to their federal tax liability, the Iowa credit shall be computed based on the lesser amount for tax years beginning on or after January 1, 2012, but before January 1, 2015. For tax years beginning on or after January 1, 2015, the Iowa credit is computed without regard to whether or not the federal credit was limited to the taxpayer's federal tax liability. In addition, for tax years beginning on or after January 1, 2015, the Iowa credit will be allowed even if the taxpayer's adjusted gross income is below \$0. The credit is computed so that taxpayers with lower adjusted gross incomes (net incomes in tax years beginning on or after January 1, 1991) are allowed higher percentages of their federal child care credit than taxpayers with higher adjusted gross incomes (net incomes). The following is a schedule showing the percentages of federal child and dependent care credits allowed on the taxpayers' Iowa returns on the basis of the federal adjusted gross incomes (or net incomes) of the taxpayers for tax years beginning on or after January 1, 1993.

ITEM 14. Amend rule **701—42.15(422)**, implementation sentence, as follows:

This rule is intended to implement Iowa Code section 422.12C as amended by 2014 Iowa Acts, Senate File 2337.

ITEM 15. Amend subrule **42.22(1)**, first unnumbered paragraph, as follows:

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. The credit is equal to 20 percent of

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the taxpayer's equity investment in a qualifying business or community-based seed capital fund. 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. A 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 ~~attached to~~ included with the taxpayer's return for the tax year in which the credit may be redeemed as stated on the tax credit certificate.

ITEM 16. Amend rule **701—42.22(15E,422)**, implementation sentence, as follows:

This rule is intended to implement Iowa Code sections ~~15E.43~~, 15E.51, 15E.52, 15E.66, 422.11F, and 422.11G and section ~~15E.52~~ 15E.43 as amended by ~~2013~~ 2014 Iowa Acts, ~~House File 615~~ Senate File 2359.

ITEM 17. Amend subrule 42.28(1), introductory paragraph, as follows:

42.28(1) *Application and review process for the renewable energy tax credit.* A producer or purchaser of a renewable energy facility must be approved by the Iowa utilities board in order to qualify for the renewable energy credit. The eligible renewable energy facility can be a wind energy conversion facility, biogas recovery facility, biomass conversion facility, methane gas recovery facility, solar energy conversion facility or refuse conversion facility. The facility must be located in Iowa and placed in service on or after July 1, 2005, and before January 1, ~~2015~~ 2017.

ITEM 18. Amend subrule 42.28(2), introductory paragraph and last unnumbered paragraph, as follows:

42.28(2) *Computation of the credit.* The renewable energy tax credit equals 1½ cents per kilowatt-hour of electricity, or 44 cents per 1000 standard cubic feet of hydrogen fuel, or \$4.50 per 1 million British thermal units of methane gas or other biogas used to generate electricity, or \$4.50 per 1 million British thermal units of heat for a commercial purpose generated by and purchased from an eligible renewable energy facility or used for on-site consumption by the producer during the tax year. For the first tax year in which the credit is applied, the kilowatt-hours, standard cubic feet or British thermal units generated by and purchased from the facility or used for on-site consumption by the producer may exceed 12 months if the facility was operational for fewer than 12 months in its initial year of operation.

To claim the tax credit, the taxpayer must ~~attach~~ include the tax credit certificate ~~to~~ with the tax return for the tax period set forth on the certificate. Any tax credit in excess of the tax liability may be carried forward for seven years or until it is used, whichever is the earlier.

ITEM 19. Amend rule **701—42.28(422,476C)**, implementation sentence, as follows:

This rule is intended to implement Iowa Code section 422.11J and Iowa Code chapter 476C as amended by ~~2011~~ 2014 Iowa Acts, ~~House~~ Senate File ~~672~~ 2343.

ITEM 20. Amend rule 701—42.36(175,422) as follows:

701—42.36(175 16,422) Agricultural assets transfer tax credit and custom farming contract tax credit.

42.36(1) *Agricultural assets transfer tax credit.* For tax years beginning on or after January 1, 2007, but before January 1, 2013, an owner of agricultural assets that rents assets to qualified beginning farmers may claim an agricultural assets transfer tax credit for Iowa individual income tax equal to 5 percent of the rental income received by the owner for cash rental agreements and 15 percent of the rental income

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received by the owner for commodity share agreements. Effective for tax years beginning on or after January 1, 2013, an owner of agricultural assets that rents assets to qualified beginning farmers may claim an agricultural assets transfer tax credit for Iowa individual income tax equal to 7 percent of the rental income received by the owner for cash rental agreements and 17 percent of the rental income received by the owner for commodity share agreements.

Also effective for tax years beginning on or after January 1, 2013, if the beginning farmer is a veteran, the credit is equal to 8 percent of the rental income received by the owner for cash rental agreements, and the credit is equal to 18 percent of the rental income received by the owner for commodity share agreements for the first year that the credit is allowed. However, the taxpayer may only claim 7 percent of the rental income for cash rental agreements and 17 percent of the rental income for commodity share agreements in subsequent years if the agreement is renewed or a new agreement is executed by the same parties. The administrative rules for the agricultural assets transfer tax credit for the Iowa ~~agricultural development~~ finance authority may be found under ~~25—Chapter 6 265—Chapter 44.~~

To qualify for the tax credit, an owner of agricultural assets must enter into a lease or rental agreement with a beginning farmer for a term of at least two years, but not more than five years. Both the owner of agricultural assets and the beginning farmer must meet certain qualifications set forth by the Iowa ~~agricultural development~~ finance authority, and the beginning farmer must be eligible to receive financial assistance under Iowa Code section ~~175.12 16.75.~~

The Iowa ~~agricultural development~~ finance authority will issue a tax credit certificate to the owner of agricultural assets which will include the name, address and tax identification number of the owner, the amount of the credit, and the tax period for which the credit may be applied. To claim the tax credit, the owner must ~~attach~~ include the tax credit certificate ~~to~~ with the tax return for the tax period set forth on the certificate. The tax credit certificates will be issued on a first-come, first-served basis. For fiscal years beginning on or after July 1, 2009, but before July 1, 2013, the amount of tax credit certificates issued by the Iowa agricultural development authority for the agricultural assets transfer tax credit program cannot exceed \$6 million. For fiscal years beginning on or after July 1, 2013, the amount of the tax credit certificates issued by the Iowa ~~agricultural development~~ finance authority for the agricultural assets transfer tax credit program cannot exceed \$8 million and the amount of the credit issued to an individual taxpayer cannot exceed \$50,000. However, effective December 31, 2017, the amount of tax credits issued by the Iowa finance authority for the agricultural assets transfer tax credit shall revert back to \$6 million.

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. However, for any agricultural assets transfer tax credits originally issued for tax years beginning on or after January 1, 2008, any credit in excess of the tax liability may be credited to the tax liability for the following ten years. The tax credit shall not be carried back to a tax year prior to the year in which the owner redeems the credit. The credit is not transferable to any other person other than the taxpayer's estate or trust upon the death of the taxpayer.

If an owner of agricultural assets is a partnership, limited liability company, S corporation, or an estate or trust electing to have the income taxed directly to the individual, an individual may claim the credit. The amount claimed by an individual must be based on the individual's pro-rata share of the individual's earnings of the partnership, limited liability company, S corporation, or estate or trust.

The lease or rental agreement may be terminated by either the owner or the beginning farmer. If the ~~agricultural development~~ Iowa finance authority determines that the owner is not at fault for the termination, the authority will not issue a tax credit certificate for subsequent years, but any prior tax credit certificates issued will be allowed. If the Iowa finance authority determines that the owner is at fault for the termination, any prior tax credit certificates will be disallowed. The amount of tax credits previously allowed will be recaptured, and the owner will be required to repay the entire amount of tax credits previously claimed on Iowa returns.

42.36(2) Custom farming contract tax credit. Effective for tax years beginning on or after January 1, 2013, a landowner that hires a beginning farmer to custom farm agricultural land in this state may claim a custom farming contract tax credit for Iowa individual income tax. The credit is equal to 7 percent of the value of the contract. If the beginning farmer is a veteran, the credit is equal to 8 percent of the

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value of the contract for the first year. However, the taxpayer may only claim 7 percent of the value of the contract in subsequent years if the agreement is renewed or a new agreement is executed by the same parties. The administrative rules for the custom farming contract tax credit for the Iowa ~~agricultural development~~ finance authority may be found under ~~25—Chapter 6~~ 265—Chapter 44.

To qualify for the tax credit, the taxpayer must enter into a lease or rental agreement with a beginning farmer for a term of at least two years but not more than five years. Both the taxpayer and the beginning farmer must meet certain qualifications set forth by the Iowa ~~agricultural development~~ finance authority, and the beginning farmer must be eligible to receive financial assistance under Iowa Code section ~~175.12~~ 16.75.

The Iowa ~~agricultural development~~ finance authority will issue a tax credit certificate to the taxpayer which will include the name, address and tax identification number of the owner, the amount of the credit, and the tax period for which the credit may be applied. To claim the tax credit, the owner must ~~attach~~ include the tax credit certificate ~~to with~~ the tax return for the tax period set forth on the certificate. For fiscal years beginning on or after July 1, 2013, the amount of tax credit certificates issued by the Iowa ~~agricultural development~~ finance authority for the custom farming contract tax credit program cannot exceed \$4 million, and the credit certificates will be issued on a first-come, first-served basis. The amount of the credit issued to an individual taxpayer cannot exceed \$50,000. However, effective December 31, 2017, the Iowa finance authority will no longer issue custom farming contract tax credits.

Any credit in excess of the tax liability for the tax year may be credited to the tax liability for the following ~~five~~ ten years or until used, whichever is the earlier. The tax credit shall not be carried back to a tax year prior to the year in which the owner redeems the credit. The credit is not transferable to any other person other than the taxpayer's estate or trust upon the death of the taxpayer.

If the party entering into the custom farming contract with the beginning farmer is a partnership, limited liability company, S corporation, or an estate or trust electing to have the income taxed directly to the individual, an individual may claim the credit. The amount claimed by an individual must be based on the individual's pro-rata share of the individual's earnings of the partnership, limited liability company, S corporation, or estate or trust.

The custom farming contract may be terminated by either the taxpayer or the beginning farmer. If the ~~agricultural development~~ Iowa finance authority determines that the taxpayer is not at fault for the termination, the authority will not issue a tax credit certificate for subsequent years, but any prior tax credit certificates issued will be allowed. If the Iowa finance authority determines that the taxpayer is at fault for the termination, any prior tax credit certificates will be disallowed. The amount of tax credits previously allowed will be recaptured, and the taxpayer will be required to repay the entire amount of tax credits previously claimed on Iowa returns.

This rule is intended to implement Iowa Code section 175.37 as amended by 2013 Iowa Acts, House File 599, sections 8 to 17; 2013 Iowa Acts, House File 599, sections 7, 18 and 19; and Iowa Code section 422.11M as amended by 2013 Iowa Acts, House File 599, section 20; 2014 Iowa Acts, Senate File 2328, sections 60 and 61, as amended by 2014 Iowa Acts, House File 2454; and 2014 Iowa Acts, Senate File 2328, sections 120 and 122.

ITEM 21. Amend rule 701—42.43(16,422), introductory paragraph, as follows:

701—42.43(16,422) Disaster recovery housing project tax credit. For tax years beginning on or after January 1, 2011, but before January 1, 2015, a disaster recovery housing project tax credit is available for individual income tax. The credit is equal to 75 percent of the taxpayer's qualifying investment in a disaster recovery housing project, and is administered by the Iowa finance authority. Qualifying investments are costs incurred on or after May 12, 2009, and prior to July 1, 2010, related to a disaster recovery housing project. Eligible properties must have applied for and received an allocation of federal low-income housing tax credits under Section 42 of the Internal Revenue Code to be eligible for the tax credit. The tax credit is repealed effective January 1, 2015.

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ITEM 22. Amend rule **701—42.43(16,422)**, implementation sentence, as follows:

This rule is intended to implement Iowa Code ~~Supplement~~ sections 16.211, 16.212 and 422.11X as amended by 2014 Iowa Acts, Senate File 2328.

ITEM 23. Amend rule 701—42.46(422), introductory paragraph, as follows:

701—42.46(422) E-15 plus gasoline promotion tax credit. Effective for eligible gallons sold on or after July 1, 2011, a retail dealer of gasoline may claim an E-15 plus gasoline promotion tax credit. “E-15 plus gasoline” means ethanol blended gasoline formulated with a minimum percentage of between 15 percent and 69 percent of volume of ethanol, if the formulation meets the standards provided in Iowa Code section 214A.2. For purposes of this rule, tank wagon sales are considered retail sales. The credit is calculated on Form IA138. The tax credit is calculated by multiplying the total number of E-15 plus gallons sold by the retail dealer during the tax year by the following designated rates:

| | |
|---|------------------|
| Gallons sold from July 1, 2011, through December 31, 2014 <u>2013</u> | 3 cents |
| Gallons sold from January 1, 2015 , through December 31, 2017 <u>May 31 and from September 16 through December 31 for the</u> <u>2014-2017 calendar years</u> | <u>2 3</u> cents |
| Gallons sold from June 1 through September 15 for the 2014-2017 <u>calendar years</u> | <u>10</u> cents |

ITEM 24. Amend subrule **42.46(1)**, Example 3, as follows:

EXAMPLE 3: A taxpayer who is a retail dealer of gasoline has a fiscal year ending February 28, 2018. The taxpayer sold 20,000 gallons of E-15 plus gasoline for the period from March 1, 2017, through February 28, 2018, of which 16,000 gallons were sold between March 1, 2017, and December 31, 2017. The taxpayer is entitled to claim an E-15 plus gasoline promotion tax credit of ~~\$320~~ \$480 (16,000 gallons times 2 3 cents) on the taxpayer’s Iowa income tax return for the period ending February 28, 2018.

ITEM 25. Amend rule **701—42.46(422)**, implementation sentence, as follows:

This rule is intended to implement ~~2011 Iowa Acts, Senate File 531, section 35,~~ Iowa Code section 422.11Y as amended by 2014 Iowa Acts, Senate File 533, sections 63 to 65 2344.

ITEM 26. Amend rule 701—42.49(422) as follows:

701—42.49(422) Volunteer fire fighter, and volunteer emergency medical services personnel and reserve peace officer tax credit. Effective for tax years beginning on or after January 1, 2013, a tax credit is available for individual income tax for volunteer fire fighters and volunteer emergency medical services (EMS) personnel. Effective for tax years beginning on or after January 1, 2014, a tax credit is available for individual income tax for reserve peace officers.

42.49(1) Definitions. The following definitions are applicable to this rule:

“*Emergency medical services personnel*” or “*EMS personnel*” means an emergency medical care provider, as defined in Iowa Code section 147A.1, who is certified as a first responder in accordance with Iowa Code chapter 147A. For tax years beginning on or after January 1, 2014, “emergency medical services personnel” or “EMS personnel” also includes an individual who is a paid employee of an emergency medical services program and who is also a volunteer emergency medical services personnel in a city, county or area governed by an agreement pursuant to Iowa Code chapter 28E.

“*Reserve peace officer*” means a reserve peace officer as defined in Iowa Code section 80D.1A who has met the minimum state training standards established by the Iowa law enforcement academy in accordance with Iowa Code chapter 80D.

“*Volunteer fire fighter*” means a volunteer fire fighter, as defined in Iowa Code section 85.61, who has met the minimum training standards established by the fire service training bureau pursuant to Iowa Code chapter 100B. For tax years beginning on or after January 1, 2014, “volunteer fire fighter” means an individual who is an active member of an organized volunteer fire department in Iowa or is performing services as a volunteer fire fighter for a municipality, township or benefited fire district at the request

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of the chief or other person in command and who has met the minimum training standards established by the fire service training bureau pursuant to Iowa Code chapter 100B. For tax years beginning on or after January 1, 2014, a volunteer fire fighter also includes an individual who is a paid employee of a fire department and who is also a volunteer fire fighter in a city, county or area governed by an agreement pursuant to Iowa Code chapter 28E.

42.49(2) Calculation of the credit.

a. The credit is equal to \$50 for the tax year beginning January 1, 2013, if the volunteer fire fighter or volunteer EMS personnel was a volunteer for the entire year. The credit is equal to \$100 for tax years beginning on or after January 1, 2014, if the volunteer fire fighter, volunteer EMS personnel or reserve peace officer was a volunteer for the entire year.

b. If the individual was not a volunteer fire fighter or volunteer EMS personnel for the entire 2013 calendar year, the \$50 credit is prorated based on the number of months the individual was a volunteer. Beginning in the 2014 calendar year, if the individual was not a volunteer fire fighter, volunteer EMS personnel or reserve peace officer for the entire year, the \$100 credit is prorated based on the number of months the individual was a volunteer. If the individual was a volunteer during any part of a month, the individual will be considered a volunteer for the entire month. The amount of credit will be rounded to the nearest dollar.

EXAMPLE: An individual became a volunteer fire fighter on April 15, 2013, and remained a volunteer for the rest of calendar year 2013. The individual is considered a volunteer for nine months of 2013. The tax credit for 2013 is equal to \$38 (\$50 multiplied by 9/12 equals \$37.50; rounding to the nearest dollar results in a \$38 credit).

c. If an individual is both a volunteer fire fighter and a volunteer EMS personnel during the same month, a credit can be claimed for only one volunteer position for that month. Therefore, if an individual was both a volunteer fire fighter and volunteer EMS personnel for all of 2013, the tax credit will equal \$50. In addition, beginning in calendar year 2014, if a reserve peace officer is also either a volunteer fire fighter or a volunteer EMS personnel, a credit can be claimed for only one volunteer position for that month.

42.49(3) Verification of eligibility for the tax credit. An individual is required to have a written statement from the fire chief or other appropriate supervisor verifying that the individual was a volunteer fire fighter or volunteer EMS personnel for the months for which the tax credit is being claimed. Beginning with the 2014 tax year, an individual who is a reserve peace officer must have a written statement from the chief of police, sheriff, commissioner of public safety, or other appropriate supervisor verifying that the individual was a reserve peace officer for the months for which the tax credit is being claimed. The written statement does not have to be attached to a tax return claiming the credit. However, the individual may be requested to provide the written statement upon request by the department.

This rule is intended to implement Iowa Code section 422.12 as amended by ~~2012~~ 2014 Iowa Acts, ~~Senate House File 2322~~ 2459.

ITEM 27. Amend rule 701—42.50(422) as follows:

701—42.50(422) Taxpayers trust fund tax credit. For tax years beginning on or after January 1, 2013, a taxpayers trust fund tax credit is available for Iowa individual income tax. The credit is available for all individual income tax filers, including residents, nonresidents and part-year residents of Iowa, and individuals who file as part of a composite return as described in rule 701—48.1(422), as long as the Iowa return is filed within the extended due date to file an Iowa return. Therefore, a fiscal-year filer whose tax year does not begin on January 1 is eligible to claim the taxpayers trust fund tax credit as long as the return is filed within the extended due date of the Iowa return.

42.50(1) Calculation of the amount of tax credit. The credit is calculated by taking the amount in the Iowa taxpayers trust fund and dividing it by the number of individual income taxpayers who filed Iowa returns by October 31 of the year preceding the year in which the credit is allowed.

EXAMPLE: There is \$120 million in the Iowa taxpayers trust fund at the end of the fiscal year ending June 30, 2013. There were ~~2,150,000~~ 2,200,000 individuals who filed Iowa income tax returns by

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October 31, 2013, for tax years beginning on or after January 1, 2012, but beginning before January 1, 2013. This results in an Iowa taxpayers trust fund tax credit of ~~\$\$\$ \$54~~ \$54 for the tax year beginning on or after January 1, 2013, but beginning before January 1, 2014 ($\$120,000,000$ divided by ~~2,150,000~~ 2,200,000 equals ~~\$\$\$84~~ \$54.55, which is rounded down to the nearest whole dollar). All taxpayers who file their Iowa individual income tax return by October 31, 2014, for the tax period beginning on or after January 1, 2013, but beginning before January 1, 2014, will be entitled to claim a ~~\$\$\$ \$54~~ \$54 Iowa taxpayers trust fund tax credit.

If the amount of Iowa taxpayers trust fund tax credits claimed on tax returns for a particular year is less than the amount authorized, the difference will be transferred to the Iowa taxpayers trust fund for the next year and will be available as an Iowa taxpayers trust fund tax credit for the next year. There must be a balance in the Iowa taxpayers trust fund of at least \$30 million in order for the Iowa taxpayers trust fund tax credit to be available.

EXAMPLE: There is \$120 million in the Iowa taxpayers trust fund at the end of the fiscal year ending June 30, 2013. The total amount of Iowa taxpayers trust fund tax credit claimed on Iowa tax returns for tax years beginning on or after January 1, 2013, but beginning before January 1, 2014, which were filed on or before October 31, 2014, is \$90 million. The difference of \$30 million will be transferred to the Iowa taxpayers trust fund for the fiscal year ending June 30, 2014. The legislature approves an additional \$60 million to be deposited in the Iowa taxpayers trust fund for the fiscal year ending June 30, 2014. This will result in \$90 million in the Iowa taxpayers trust fund for the fiscal year ending June 30, 2014. If ~~2,150,000~~ 2,200,000 individuals file Iowa individual income tax returns for tax years beginning on or after January 1, 2013, but beginning before January 1, 2014, by October 31, 2014, this will result in a ~~\$41~~ \$40 Iowa taxpayers trust fund tax credit for the tax year beginning on or after January 1, 2014, but beginning before January 1, 2015 ($\$90,000,000$ divided by ~~2,150,000~~ 2,200,000 equals ~~\$41.86~~ \$40.90, which is rounded down to the nearest whole dollar).

42.50(2) Claiming the credit on the tax return. The Iowa taxpayers trust fund is claimed on the amount of Iowa tax computed after all other nonrefundable credits allowed in division II of Iowa Code chapter 422 (excluding the Iowa taxpayers trust fund tax credit) are deducted, after the amount of school district surtax described in rule 701—42.1(257,422) and emergency medical services income surtax described in rule 701—42.2(422D) is added, and after all refundable credits (excluding estimated payments and tax withheld) allowed in division II of Iowa Code chapter 422 are deducted. Any Iowa taxpayers trust fund tax credit in excess of the tax liability is not refundable and shall not be carried back to the tax year prior to the tax year in which the credit is claimed and cannot be carried forward to a tax year for any following year.

EXAMPLE: A taxpayer reported a tax liability of \$100 on the taxpayer's 2013 Iowa income tax return. The taxpayer claimed a \$40 personal exemption credit and a \$25 franchise tax credit. This resulted in tax due of \$35 before applying the school district surtax. Taxpayer was subject to a \$2 school district surtax which resulted in total tax due of \$37. Taxpayer was entitled to claim a ~~\$\$\$ \$54~~ \$54 Iowa taxpayers trust fund tax credit, but only \$37 of credit could be applied on the 2013 Iowa return. The remaining ~~\$18~~ \$17 of credit cannot be refunded, cannot be applied to a prior year tax liability, and cannot be carried forward to be applied to a subsequent year tax liability.

This rule is intended to implement ~~2013 Iowa Acts, Senate File 295, section 43~~ Iowa Code section 422.11E.

ITEM 28. Adopt the following **new** rule 701—42.52(422):

701—42.52(422) Adoption tax credit. Effective for tax years beginning on or after January 1, 2014, an adoption tax credit is available for individual income tax equal to the amount of qualified adoption expenses paid or incurred by a taxpayer related to the adoption of a child during the tax year, not to exceed \$2,500 per adoption.

42.52(1) Definitions. The following definitions are applicable to this rule:

“Adoption” means the permanent placement in Iowa of a child by the department of human services, by a licensed agency under Iowa Code chapter 238, by an agency that meets the provision of the interstate

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compact in Iowa Code section 232.158, or by a person making an independent placement according to the provisions of Iowa Code chapter 600.

“*Child*” means an individual who is under the age of 18 years.

“*Qualified adoption expenses*” means unreimbursed expenses paid or incurred in connection with the adoption of a child, including medical and hospital expenses of the biological mother which are incident to the child’s birth, welfare agency fees, legal fees, and all other fees and costs related to the adoption of a child. Expenses which are eligible for the federal adoption credit as provided in Section 23(d)(1) of the Internal Revenue Code will be considered qualified adoption expenses. Expenses paid or incurred in violation of state or federal law are not qualified adoption expenses.

42.52(2) Claiming the credit. The first \$2,500 of qualified adoption expenses is eligible for the credit. If the qualified adoption expenses are less than \$2,500, then the total amount of qualified expenses can be claimed as a credit. Any credit in excess of the taxpayer’s tax liability is refundable. In lieu of claiming the refund, the taxpayer may elect to have the overpayment credited to the tax liability for the following tax year. The amount of tax credit claimed cannot be used as an itemized deduction for adoption expenses provided in 701—subrule 41.5(3).

This rule is intended to implement 2014 Iowa Acts, House File 2468.

ITEM 29. Amend rule **701—43.4(68A,422,456A)**, implementation sentence, as follows:

This rule is intended to implement Iowa Code sections 422.12D, 422.12E, ~~and 422.12H, 422.12K and 422.12L~~ and 2012 2014 Iowa Acts, Senate House File 2325 2473.

ITEM 30. Amend rule 701—46.6(422) as follows:

701—46.6(422) Withholding tax credit to workforce development fund. Upon payment in full of a certificate of participation or other obligation issued to fund a job training program under Iowa Code chapter 260E, the community college which provided the training is to notify the Iowa ~~department of economic development authority~~ of the amount paid by the employer or business to the community college during the previous 12 months. The Iowa ~~department of economic development authority~~ is to notify the department of revenue of this amount. The department is to credit 25 percent of this amount to the workforce development fund in each quarter for the next ten years from the withholding tax paid by the employer or business. If the withholding tax paid by the employer or business for a quarter is not sufficient to cover the sum to be credited to the workforce development fund, the sum to be credited is to be reduced accordingly. The aggregate amount from all employers to be transferred to the workforce development fund in a year is not to exceed \$4 million for fiscal years beginning on or after July 1, 2001, but before July 1, 2014. The aggregate amount is not to exceed \$5,750,000 for the fiscal year beginning July 1, 2014, and the aggregate amount is not to exceed \$6,000,000 for fiscal years beginning on or after July 1, 2015.

This rule is intended to implement Iowa Code section 422.16A as amended by 2014 Iowa Acts, House File 2460.

ITEM 31. Adopt the following **new** subrule 49.7(4):

49.7(4) Accrual of interest on an assessment of additional tax. If the taxpayer has not elected to have an overpayment credited to an installment other than the first installment, interest shall accrue on an assessment of additional tax as follows: If the overpayment was credited to the first installment, interest on an assessment of additional tax shall accrue from the due date of the return. If the overpayment was credited to an installment due after the overpayment arose, interest shall accrue from the date the return was filed. Interest on that portion of an assessment greater than the overpayment shall accrue from the due date of the return.

If the taxpayer has elected to have an overpayment of estimated tax credited to an installment other than the first installment, interest shall accrue on any assessment of additional tax up to the amount of the overpayment from the date the return was filed with the department. Interest on any assessment of additional tax greater than the amount of the overpayment shall accrue from the due date of the return, *Avon Products, Inc. v. United States*, 588 F.2d 342 (2nd Cir. 1978), Revenue Ruling 84-58.

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ITEM 32. Amend rule **701—49.7(422)**, implementation sentence, as follows:

This rule is intended to implement Iowa Code section ~~421.17, subsections 21A and 21B, and section 422.16.~~

ITEM 33. Amend paragraph **52.1(5)“b”** as follows:

b. No adjustment is made to the above amounts for either 50 percent of federal income tax or Iowa corporation income tax deducted in computing the federal net income of the S corporation for tax years beginning prior to January 1, 2008, and for tax years beginning on or after January 1, 2014. The 50 percent of federal income tax and Iowa corporation income tax deducted in computing federal net income are adjustments to the Iowa net income which flows through to the shareholders for tax years beginning prior to January 1, 2008, and for tax years beginning on or after January 1, 2014. For tax years beginning on or after January 1, 2008, but before January 1, 2014, an adjustment is made to the above amounts for either 50 percent of federal income tax or Iowa corporation income tax deducted in computing the federal net income of the S corporation.

ITEM 34. Amend subrule **52.21(1)**, first unnumbered paragraph, as follows:

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. The credit is equal to 20 percent of the taxpayer's equity investment in a qualifying business or community-based seed capital fund. 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. A 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 credit certificate must be attached to included with the taxpayer's return for the tax year in which the credit may be redeemed as stated on the tax credit certificate.

ITEM 35. Amend rule **701—52.21(15E,422)**, implementation sentence, as follows:

This rule is intended to implement Iowa Code sections 15E.42, ~~15E.43~~ 15E.52, 15E.66; and 422.33 and section ~~15E.22~~ 15E.43 as amended by ~~2013~~ 2014 Iowa Acts, ~~House File 615~~ Senate File 2359.

ITEM 36. Amend subrule 52.27(1), introductory paragraph, as follows:

52.27(1) *Application and review process for the renewable energy tax credit.* A producer or purchaser of a renewable energy facility must be approved by the Iowa utilities board in order to qualify for the renewable energy credit. The eligible renewable energy facility can be a wind energy conversion facility, biogas recovery facility, biomass conversion facility, methane gas recovery facility, solar energy conversion facility or refuse conversion facility. The facility must be located in Iowa and placed in service on or after July 1, 2005, and before January 1, ~~2015~~ 2017.

ITEM 37. Amend subrule 52.27(2), introductory paragraph and last unnumbered paragraph, as follows:

52.27(2) *Computation of the credit.* The renewable energy tax credit equals 1½ cents per kilowatt-hour of electricity, or 44 cents per 1000 standard cubic feet of hydrogen fuel, or \$4.50 per 1 million British thermal units of methane gas or other biogas used to generate electricity, or \$4.50 per 1 million British thermal units of heat for a commercial purpose generated by and purchased from an eligible renewable energy facility or used for on-site consumption by the producer during the tax year. For the first tax year in which the credit is applied, the kilowatt-hours, standard cubic feet or British thermal units generated by and purchased from the facility or used for on-site consumption by the producer may exceed 12 months if the facility was operational for fewer than 12 months in its initial year of operation.

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To claim the tax credit, the taxpayer must ~~attach~~ include the tax credit certificate ~~to~~ with the tax return for the tax period set forth on the certificate. Any tax credit in excess of the tax liability may be carried forward for seven years or until it is used, whichever is the earlier.

ITEM 38. Amend rule ~~701—52.27(422,476C)~~, implementation sentence, as follows:

This rule is intended to implement Iowa Code section 422.33 and chapter 476C as amended by ~~2011~~ 2014 Iowa Acts, ~~House~~ Senate File ~~672~~ 2343.

ITEM 39. Amend rule 701—52.33(175,422) as follows:

701—52.33(175 ~~16,422~~) Agricultural assets transfer tax credit and custom farming contract tax credit.

52.33(1) Agricultural assets transfer tax credit. For tax years beginning on or after January 1, 2007, but before January 1, 2013, an owner of agricultural assets that rents assets to qualified beginning farmers may claim an agricultural assets transfer tax credit for Iowa corporation income tax equal to 5 percent of the rental income received by the owner for cash rental agreements and 15 percent of the rental income received by the owner for commodity share agreements. Effective for tax years beginning on or after January 1, 2013, an owner of agricultural assets that rents assets to qualified beginning farmers may claim an agricultural assets transfer tax credit for Iowa corporation income tax equal to 7 percent of the rental income received by the owner for cash rental agreements and 17 percent of the rental income received by the owner for commodity share agreements.

Also effective for tax years beginning on or after January 1, 2013, if the beginning farmer is a veteran, the credit is equal to 8 percent of the rental income received by the owner for cash rental agreements, and the credit is equal to 18 percent of the rental income received by the owner for commodity share agreements for the first year that the credit is allowed. However, the taxpayer may only claim 7 percent of the rental income for cash rental agreements and 17 percent of the rental income for commodity share agreements in subsequent years if the agreement is renewed or a new agreement is executed by the same parties. The administrative rules for the agricultural assets transfer tax credit for the Iowa ~~agricultural development~~ finance authority may be found under ~~25—Chapter 6 265—Chapter 44~~.

To qualify for the tax credit, an owner of agricultural assets must enter into a lease or rental agreement with a beginning farmer for a term of at least two years but not more than five years. Both the owner of agricultural assets and the beginning farmer must meet certain qualifications set forth by the Iowa ~~agricultural development~~ finance authority, and the beginning farmer must be eligible to receive financial assistance under Iowa Code section ~~475.42~~ 16.75.

The Iowa ~~agricultural development~~ finance authority will issue a tax credit certificate to the owner of agricultural assets which will include the name, address and tax identification number of the owner, the amount of the credit, and the tax period for which the credit may be applied. To claim the tax credit, the owner must ~~attach~~ include the tax credit certificate ~~to~~ with the tax return for the tax period set forth on the certificate. The tax credit certificates will be issued on a first-come, first-served basis. For fiscal years beginning on or after July 1, 2009, but before July 1, 2013, the amount of tax credit certificates issued by the Iowa agricultural development authority for the agricultural assets transfer tax credit program cannot exceed \$6 million. For fiscal years beginning on or after July 1, 2013, the amount of tax credit certificates issued by the Iowa ~~agricultural development~~ finance authority for the agricultural assets transfer tax credit program cannot exceed \$8 million and the amount of the credit issued to an individual taxpayer cannot exceed \$50,000. However, effective December 31, 2017, the amount of tax credits issued by the Iowa finance authority for the agricultural assets transfer tax credit shall revert back to \$6 million.

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. However, for any agricultural assets transfer credits originally issued for tax years beginning on or after January 1, 2008, any credit in excess of the tax liability may be credited to the tax liability for the following ten years. The tax credit shall not be carried back to a tax year prior to the year in which the owner redeems the credit. The credit is not transferable to any other person other than the taxpayer's estate or trust upon the death of the taxpayer.

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If an owner of agricultural assets is a partnership, limited liability company, S corporation, or an estate or trust electing to have the income taxed directly to the individual, an individual may claim the credit. The amount claimed by an individual must be based on the individual's pro-rata share of the individual's earnings of the partnership, limited liability company, S corporation, or estate or trust.

The lease or rental agreement may be terminated by either the owner or the beginning farmer. If the ~~agricultural development~~ Iowa finance authority determines that the owner is not at fault for the termination, the authority will not issue a tax credit certificate for subsequent years, but any prior tax credit certificates issued will be allowed. If the Iowa finance authority determines that the owner is at fault for the termination, any prior tax credit certificates will be disallowed. The amount of tax credits previously allowed will be recaptured, and the owner will be required to repay the entire amount of tax credits previously claimed on Iowa returns.

52.33(2) Custom farming contract tax credit. Effective for tax years beginning on or after January 1, 2013, a landowner that hires a beginning farmer to custom farm agricultural land in this state may claim a custom farming contract tax credit for Iowa ~~individual~~ corporation income tax. The credit is equal to 7 percent of the value of the contract. If the beginning farmer is a veteran, the credit is equal to 8 percent of the value of the contract for the first year. However, the taxpayer may only claim 7 percent of the value of the contract in subsequent years if the agreement is renewed or a new agreement is executed by the same parties. The administrative rules for the custom farming contract tax credit for the Iowa ~~agricultural development~~ finance authority may be found under ~~25—Chapter 6~~ 265—Chapter 44.

To qualify for the tax credit, the taxpayer must enter into a lease or rental agreement with a beginning farmer for a term of at least two years but not more than five years. Both the taxpayer and the beginning farmer must meet certain qualifications set forth by the Iowa ~~agricultural development~~ finance authority, and the beginning farmer must be eligible to receive financial assistance under Iowa Code section ~~175.12~~ 16.75.

The Iowa ~~agricultural development~~ finance authority will issue a tax credit certificate to the taxpayer which will include the name, address and tax identification number of the owner, the amount of the credit, and the tax period for which the credit may be applied. To claim the tax credit, the owner must ~~attach~~ include the tax credit certificate ~~to~~ with the tax return for the tax period set forth on the certificate. For fiscal years beginning on or after July 1, 2013, the amount of tax credit certificates issued by the Iowa ~~agricultural development~~ finance authority for the custom farming contract tax credit program cannot exceed \$4 million, and the credit certificates will be issued on a first-come, first-served basis. The amount of the credit issued to an individual taxpayer cannot exceed \$50,000. However, effective December 31, 2017, the Iowa finance authority will no longer issue custom farming contract tax credits.

Any credit in excess of the tax liability for the tax year may be credited to the tax liability for the following ~~five~~ ten years or until used, whichever is the earlier. The tax credit shall not be carried back to a tax year prior to the year in which the owner redeems the credit. The credit is not transferable to any other person other than the taxpayer's estate or trust upon the death of the taxpayer.

If the party entering into the custom farming contract with the beginning farmer is a partnership, limited liability company, S corporation, or an estate or trust electing to have the income taxed directly to the individual, an individual may claim the credit. The amount claimed by an individual must be based on the individual's pro-rata share of the individual's earnings of the partnership, limited liability company, S corporation, or estate or trust.

The custom farming contract may be terminated by either the taxpayer or the beginning farmer. If the ~~agricultural development~~ Iowa finance authority determines that the taxpayer is not at fault for the termination, the authority will not issue a tax credit certificate for subsequent years, but any prior tax credit certificates issued will be allowed. If the Iowa finance authority determines that the taxpayer is at fault for the termination, any prior tax credit certificates will be disallowed. The amount of tax credits previously allowed will be recaptured, and the taxpayer will be required to repay the entire amount of tax credits previously claimed on Iowa returns.

This rule is intended to implement ~~Iowa Code section 175.37 as amended by 2013 Iowa Acts, House File 599, sections 8 to 17; 2013 Iowa Acts, House File 599, sections 7, 18 and 19; and Iowa Code section 422.33 as amended by 2013 Iowa Acts, House File 599, section 21; 2014 Iowa Acts, Senate File 2328,~~

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sections 60 and 61, as amended by 2014 Iowa Acts, House File 2454; and 2014 Iowa Acts, Senate File 2328, sections 120 and 122.

ITEM 40. Amend rule 701—52.42(16,422), introductory paragraph, as follows:

701—52.42(16,422) Disaster recovery housing project tax credit. For tax years beginning on or after January 1, 2011, but before January 1, 2015, a disaster recovery housing project tax credit is available for corporation income tax. The credit is equal to 75 percent of the taxpayer's qualifying investment in a disaster recovery housing project; and is administered by the Iowa finance authority. Qualifying investments are costs incurred on or after May 12, 2009, and prior to July 1, 2010, related to a disaster recovery housing project. Eligible properties must have applied for and received an allocation of federal low-income housing tax credits under Section 42 of the Internal Revenue Code to be eligible for the tax credit. The administrative rules of the Iowa finance authority for the disaster recovery housing project tax credit may be found at 265—Chapter 34. The tax credit is repealed effective January 1, 2015.

ITEM 41. Amend rule **701—52.42(16,422)**, implementation sentence, as follows:

This rule is intended to implement Iowa Code Supplement sections 16.211, and 16.212 and Iowa Code section 422.33 as amended by ~~2009~~ 2014 Iowa Acts, Senate File ~~457~~ 2328.

ITEM 42. Amend rule 701—52.43(422), introductory paragraph, as follows:

701—52.43(422) E-15 plus gasoline promotion tax credit. Effective for eligible gallons sold on or after July 1, 2011, a retail dealer of gasoline may claim an E-15 plus gasoline promotion tax credit. "E-15 plus gasoline" means ethanol blended gasoline formulated with a minimum percentage of between 15 percent and 69 percent of volume of ethanol, if the formulation meets the standards provided in Iowa Code section 214A.2. For purposes of this rule, tank wagon sales are considered retail sales. The credit is calculated on Form IA138. The tax credit is calculated by multiplying the total number of E-15 plus gallons sold by the retail dealer during the tax year by the following designated rates:

| | |
|---|-----------------------------|
| Gallons sold from July 1, 2011, through December 31, 2014 <u>2013</u> | 3 cents |
| Gallons sold from January 1, 2015 , through December 31, 2017 <u>May 31 and from September 16 through December 31 for the</u> <u>2014-2017 calendar years</u> | 2 <u>3</u> cents |
| Gallons sold from June 1 through September 15 for the <u>2014-2017</u> <u>calendar years</u> | <u>10</u> cents |

ITEM 43. Amend subrule **52.43(1)**, Example 3, as follows:

EXAMPLE 3: A taxpayer who is a retail dealer of gasoline has a fiscal year ending February 28, 2018. The taxpayer sold 20,000 gallons of E-15 plus gasoline for the period from March 1, 2017, through February 28, 2018, of which 16,000 gallons were sold between March 1, 2017, and December 31, 2017. The taxpayer is entitled to claim an E-15 plus gasoline promotion tax credit of ~~\$320~~ \$480 (16,000 gallons times ~~2~~ 3 cents) on the taxpayer's Iowa income tax return for the period ending February 28, 2018.

ITEM 44. Amend rule **701—52.43(422)**, implementation sentence, as follows:

This rule is intended to implement Iowa Code section 422.33 ~~as amended by 2011~~ and 2014 Iowa Acts, Senate File ~~531~~ 2344.

ITEM 45. Amend subrule **58.11(1)**, first unnumbered paragraph, as follows:

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

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

ITEM 46. Amend rule **701—58.11(15E,422)**, implementation sentence, as follows:

This rule is intended to implement Iowa Code ~~section 15E.66~~; sections 15E.42, ~~15E.43~~ 15E.66 and 422.60 and section 15E.43 as amended by ~~2011~~ 2014 Iowa Acts, Senate File ~~517~~ 2359; ~~and 2011 Iowa Acts, Senate File 517, section 40.~~

ITEM 47. Amend subrule 70.12(1) as follows:

70.12(1) A person in possession of a renewable energy tax credit certificate issued pursuant to Iowa Code chapter 476C or a wind energy tax credit issued pursuant to Iowa Code chapter 476B ~~as amended by 2008 Iowa Acts, Senate File 2405~~, may apply to the director for a reimbursement of the amount of taxes imposed and paid by the person pursuant to Iowa Code chapter 437A in an amount not more than the person received in renewable energy tax credit certificates or wind energy tax credit certificates. To obtain the reimbursement, the person shall ~~attach to~~ include with the return required under Iowa Code section 437A.8 the renewable energy tax credit certificates or the wind energy tax credit certificates and provide any other information the director may require. The director shall direct that a warrant be issued to the person for an amount equal to the tax imposed and paid by the person. Any credit in excess of the person's tax liability may be claimed as a refund for the following seven years. Pursuant to Iowa Code section 437A.14, a taxpayer may file a claim for refund with the director within three years after the replacement tax became due. If the renewable energy or wind energy tax credit claim exceeds the replacement tax due in a year, the taxpayer has seven years to carry over the excess credit. Pursuant to Iowa Code section 476C.4(6), a person may not receive both a renewable energy tax credit and a wind energy tax credit. The For the wind energy tax credit, the reimbursement applies to a qualified facility placed in service on or after July 1, 2005, but before July 1, 2012. For the renewable energy tax credit, the reimbursement applies to a qualified facility placed in service on or after July 1, 2005, but before January 1, 2017. The utilities board shall notify the department of revenue of the amount of kilowatt hours of electricity purchased from a renewable energy facility or the amount of kilowatt hours generated and purchased from a qualified wind energy facility or generated and used on site by the qualified wind energy facility. The department of revenue shall calculate the amount of the tax credit and issue the tax credit certificate. Wind energy and renewable energy tax credit certificates may be transferred, and a replacement tax credit certificate may reflect a different type of tax than the type of tax noted on the original tax credit certificate.

ITEM 48. Amend rule **701—70.12(437A)**, implementation sentence, as follows:

This rule is intended to implement Iowa Code ~~section~~ sections 437A.17B, ~~chapter~~ and 437A.17C and chapters 476B ~~as amended by 2008 Iowa Acts, Senate File 2405~~; ~~section~~ and 437A.17C and chapter 476D ~~as amended by 2008 Iowa Acts, Senate File 572~~; and chapter 476C as amended by 2014 Iowa Acts, Senate File 2343.

ARC 1589C**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 421.14 and 422.68, the Department of Revenue hereby gives Notice of Intended Action to amend 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 are proposed as a result of 2014 Iowa Acts, Senate File 2340, and 2014 Iowa Acts, House Files 2438 and 2473.

Item 1 amends rule 701—42.48(422) to reflect changes to the solar energy system tax credit for systems installed during tax years beginning on or after January 1, 2014, for individual income tax.

Item 2 amends rule 701—52.44(422) to reflect changes to the solar energy system tax credit for systems installed during tax years beginning on or after January 1, 2014, for corporation income tax. This change is similar to the change in Item 1.

Item 3 amends Chapter 58 by adding new rule 701—58.22(422) to provide for the solar energy system tax credit for franchise tax for systems installed during tax years beginning on or after January 1, 2014.

The proposed amendments will not necessitate additional expenditures by political subdivisions or agencies and entities which contract with political subdivisions.

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 has determined that these proposed amendments may have an impact on small business. 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 September 22, 2014, to the Policy Section, Policy and Communications Division, Department of Revenue, Hoover State Office Building, P.O. Box 10457, Des Moines, Iowa 50306. 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.

Any interested person may make written suggestions or comments on these proposed amendments on or before September 9, 2014. Such written comments should be directed to the Policy Section, 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 the Policy Section, 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 a public hearing must be received by September 9, 2014.

After analysis and review of this rule making, no adverse impact on jobs has been found. The tax credits may positively impact job and economic growth for businesses and individuals in the state of Iowa.

These amendments are intended to implement Iowa Code section 422.11L as amended by 2014 Iowa Acts, Senate File 2340 and House File 2473; section 422.33 as amended by 2014 Iowa Acts, House File 2473; and section 422.60 as amended by 2014 Iowa Acts, House Files 2438 and 2473.

The following amendments are proposed.

REVENUE DEPARTMENT[701](cont'd)

ITEM 1. Amend rule 701—42.48(422) as follows:

701—42.48(422) Solar energy system tax credit. For tax years beginning on or after January 1, 2012, a solar energy system tax credit is available for both residential property and business property located in Iowa.

42.48(1) Property eligible for the tax credit. The following property located in Iowa is eligible for the tax credit:

- a. Qualified solar water heating property described in Section 25D(d)(1) of the Internal Revenue Code.
- b. Qualified solar energy electric property described in Section 25D(d)(2) of the Internal Revenue Code.
- c. Equipment which uses solar energy to generate electricity, to heat or cool (or to provide hot water for use in) a structure, or to provide solar process heat (excepting property used to generate energy for the purposes of heating a swimming pool) and which is eligible for the federal energy credit as described in Section 48(a)(3)(A)(i) of the Internal Revenue Code.
- d. Equipment which uses solar energy to illuminate the inside of a structure using fiber-optic distributed sunlight and which is eligible for the federal energy credit as described in Section 48(a)(3)(A)(ii) of the Internal Revenue Code.

42.48(2) Calculation of credit for systems installed during tax years beginning on or after January 1, 2012, but before January 1, 2014. The credit is equal to the sum of the following federal tax credits:

- a. Fifty percent of the federal residential energy property credit provided in Section 25D(a)(1) of the Internal Revenue Code.
- b. Fifty percent of the federal residential energy property credit provided in Section 25D(a)(2) of the Internal Revenue Code.
- c. Fifty percent of the federal energy credit provided in Section 48(a)(2)(A)(i)(II) of the Internal Revenue Code.
- d. Fifty percent of the federal energy credit provided in Section 48(a)(2)(A)(i)(III) of the Internal Revenue Code.

The amount of tax credit claimed by a taxpayer related to paragraphs 42.48(2)“a” and “b” cannot exceed \$3,000 for a tax year. The amount of tax credit claimed by a taxpayer related to paragraphs 42.48(2)“c” and “d” cannot exceed \$15,000 for a tax year.

The federal residential energy efficient tax credits are allowed for installations that are completed and the federal energy tax credits for solar energy systems are currently allowed for installations that are placed in service on or before December 31, 2016 before January 1, 2014. ~~Therefore, the Iowa tax credit will be available for the 2012 to 2016 tax years for systems placed in service on or before December 31, 2016.~~ The solar energy system must be installed on or after January 1, 2012, to qualify for the Iowa credit. If the taxpayer installed a solar energy system and initially reported the federal tax credit for a tax year beginning prior to January 1, 2012, no Iowa credit will be allowed.

EXAMPLE: A taxpayer reported a \$9,000 residential energy efficient tax credit on the 2011 federal return due to an installation of a solar energy system that was placed in service in 2011. The taxpayer applied \$4,000 of the credit on the taxpayer’s 2011 federal return since the federal tax liability was \$4,000. The remaining \$5,000 of federal credit was applied on the 2012 federal return. No credit will be allowed on the 2012 Iowa return since the installation was placed in service before January 1, 2012.

42.48(3) Calculation of credit for systems installed during tax years beginning on or after January 1, 2014, but before January 1, 2017. The credit is equal to the sum of the following federal tax credits:

- a. Sixty percent of the federal residential energy property credit provided in Section 25D(a)(1) of the Internal Revenue Code.
- b. Sixty percent of the federal residential energy property credit provided in Section 25D(a)(2) of the Internal Revenue Code.
- c. Sixty percent of the federal energy credit provided in Section 48(a)(2)(A)(i)(II) of the Internal Revenue Code.

REVENUE DEPARTMENT[701](cont'd)

d. Sixty percent of the federal energy credit provided in Section 48(a)(2)(A)(i)(III) of the Internal Revenue Code.

The amount of tax credit claimed by a taxpayer related to paragraphs 42.48(3)“a” and “b” cannot exceed \$5,000 for a tax year. The amount of tax credit claimed by a taxpayer related to paragraphs 42.48(3)“c” and “d” cannot exceed \$20,000 for a tax year.

The federal residential energy efficient tax credits are allowed for installations that are completed on or before December 31, 2016, and the federal energy tax credits for solar energy systems are allowed for installations that are placed in service on or before December 31, 2016. Therefore, the Iowa tax credit is available for installations that are either completed or placed in service before January 1, 2017. If the federal residential energy property tax credits or the federal energy credits are extended to installations completed or placed in service on or after January 1, 2017, the Iowa tax credit will also be extended.

~~42.48(3)~~ 42.48(4) Application for the tax credit. No more than \$1.5 million of tax credits for solar energy systems are allowed for ~~each of the tax years 2012 to 2016~~ and 2013. The \$1.5 million cap also includes the solar energy system tax credits provided in rule 701—52.44(422) for corporation income tax. No more than \$4.5 million of tax credits for solar energy systems is allowed for each of the tax years 2014 to 2016. The \$4.5 million cap does not include any dollars allocated to a previous tax year that roll over to the 2015 and 2016 tax years. The \$4.5 million cap also includes the solar energy system tax credits provided in rule 701—52.44(422) for corporation income tax and in rule 701—58.22(422) for franchise tax. Credits will be reserved Awards of tax credits are made on a first-come, first-served basis. At least \$1 million of the \$4.5 million cap for the 2014 to 2016 tax years is reserved for residential installations. If the total amount of credits for residential installations for a tax year is less than \$1 million, the remaining amount below \$1 million will be allowed for nonresidential installations. If the \$4.5 million cap for the 2014 and 2015 tax years is not reached, the remaining amount below \$4.5 million will be allowed to be carried forward to the following tax year and shall not count toward the cap for that year.

a. A taxpayer may claim one tax credit for each separate and distinct solar installation. In order for an installation to be considered a separate and distinct solar installation, both of the following factors must be met:

(1) Each installation must be eligible for the federal residential energy property credit or the federal energy credit as provided in subrule 42.48(3).

(2) Each installation must have separate metering.

~~a. b.~~ In order to ~~reserve~~ request the tax credit, a taxpayer must complete an application for the solar energy tax credit for each separate and distinct installation. For installations completed on or after January 1, 2014, the application must be filed by May 1 following the year of installation of the solar energy system. The application must contain the following information:

(1) Name, address and federal identification number of the taxpayer.

(2) Date of installation of the solar energy system.

(3) The kilowatt capacity of the solar energy system.

~~(3)~~ (4) Copies of invoices or other documents showing the cost of the solar energy system.

(4) ~~(5)~~ Amount of federal income tax credit for the solar energy system.

~~(5)~~ (6) Amount of Iowa tax credit ~~to be reserved~~ requested.

(7) For nonresidential installations, a completion sheet from a local utility company verifying that the system has been placed in service. If a completion sheet is not available from the local utility company, a statement shall be provided that is similar to the one required to be attached to federal Form 3468 when claiming the federal energy credit and that specifies the date the system was placed in service.

~~b. c.~~ If the application is approved, the department will send a letter to the taxpayer ~~reserving~~ including the amount of the tax credit and providing a tax credit certificate number. The solar energy system tax credit will be claimed on Form IA 148, Tax Credit Credits Schedule. Any tax credit in excess of the tax liability for the tax year may be credited to the tax liability for the following ten years or until used, whichever is the earlier. The taxpayer must ~~attach to~~ include with any Iowa tax return claiming the solar energy system tax credit federal Form 5695, Residential Energy Credits, if claiming the residential energy credit or federal Form 3468, Investment Credit, if claiming the business energy credit.

REVENUE DEPARTMENT[701](cont'd)

If the department receives applications for tax credits in excess of the \$1.5 million available for 2012 and 2013 and the \$4.5 million available for 2014 to 2016, the applications will be prioritized by the date the department received the applications. If the number of applications exceeds the \$1.5 or \$4.5 million of tax credits available, the department shall establish a wait list for the next year's allocation of tax credits and the applications shall first be funded in the order listed on the wait list. However, if the \$1.5 \$4.5 million cap of tax credit is reached for 2016, no applications in excess of the \$1.5 \$4.5 million cap will be carried over to the next year, assuming there is no extension of the federal credit.

EXAMPLE: A taxpayer submitted an application for a \$2,500 tax credit on December 1, 2012, for an installation that occurred in 2012. The application was denied on December 15, 2012, because the \$1.5 million cap had already been reached for 2012. The taxpayer will be placed on a wait list and will receive priority for receiving the tax credit for the 2013 tax year. However, if the application was submitted on December 1, 2016, for an installation that occurred in 2016 and the \$1.5 \$4.5 million cap had already been reached for 2016, no tax credit will be allowed for the 2017 tax year, assuming there is no extension of the federal credit.

e. d. A taxpayer who is eligible to receive a renewable energy tax credit provided in rule 701—42.28(422,476C) is not eligible for the solar energy system tax credit.

42.48(4) 42.48(5) *Allocation of tax credit to owners of a business entity.* If the taxpayer claiming the tax credit based on a percentage of the federal energy credit under Section 48 of the Internal Revenue Code is a partnership, limited liability company, S corporation, estate or trust electing to have income taxed directly to the individual, the individual may claim the tax credit. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings of the partnership, limited liability company, S corporation, estate or trust. The maximum amount of credit available to a partnership, limited liability company, S corporation, estate or trust shall be limited to \$15,000 for a ~~single tax year~~ installations placed in service in tax years 2012 and 2013 and \$20,000 for installations placed in service in tax years 2014 to 2016.

This rule is intended to implement ~~2012 Iowa Acts, Senate File 2342, section 7~~ Iowa Code section 422.11L as amended by 2014 Iowa Acts, Senate File 2340, and 2014 Iowa Acts, House File 2473, section 77.

ITEM 2. Amend rule 701—52.44(422) as follows:

701—52.44(422) Solar energy system tax credit. For tax years beginning on or after January 1, 2012, a solar energy system tax credit is available for business property located in Iowa.

52.44(1) *Property eligible for the tax credit.* The following property located in Iowa is eligible for the tax credit:

a. Equipment which uses solar energy to generate electricity, to heat or cool (or to provide hot water for use in) a structure, or to provide solar process heat (excepting property used to generate energy for the purposes of heating a swimming pool) and which is eligible for the federal energy credit as described in Section 48(a)(3)(A)(i) of the Internal Revenue Code.

b. Equipment which uses solar energy to illuminate the inside of a structure using fiber-optic distributed sunlight and which is eligible for the federal energy credit as described in Section 48(a)(3)(A)(ii) of the Internal Revenue Code.

52.44(2) *Calculation of credit for systems installed during tax years beginning on or after January 1, 2012, but before January 1, 2014.* The credit is equal to the sum of the following federal tax credits:

a. Fifty percent of the federal energy credit provided in Section 48(a)(2)(A)(i)(II) of the Internal Revenue Code.

b. Fifty percent of the federal energy credit provided in Section 48(a)(2)(A)(i)(III) of the Internal Revenue Code.

The amount of tax credit claimed by a taxpayer related to paragraphs 52.44(2) "a" and "b" cannot exceed \$15,000 for a tax year.

The federal energy tax credit credits for solar energy systems is ~~currently~~ are allowed for installations that are placed in service ~~on or before December 31, 2016~~ before January 1, 2014. Therefore, the Iowa tax credit will be available for the 2012 to 2016 tax years for systems placed in service on or before

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~~December 31, 2016.~~ The solar energy system must be placed in service on or after January 1, 2012, to qualify for the Iowa credit. If the taxpayer installed a solar energy system and initially reported the federal tax credit for a tax year beginning prior to January 1, 2012, no Iowa credit will be allowed.

EXAMPLE: A taxpayer reported a \$9,000 energy credit on the 2011 federal return due to an installation of a solar energy system that was placed in service in 2011. The taxpayer applied \$4,000 of the credit on the taxpayer's 2011 federal return since the federal tax liability was \$4,000. The remaining \$5,000 of federal credit was applied on the 2012 federal return. No credit will be allowed on the 2012 Iowa return since the installation was placed in service before January 1, 2012.

52.44(3) *Calculation of credit for systems installed during tax years beginning on or after January 1, 2014, but before January 1, 2017.* The credit is equal to the sum of the following federal tax credits:

a. Sixty percent of the federal energy credit provided in Section 48(a)(2)(A)(i)(II) of the Internal Revenue Code.

b. Sixty percent of the federal energy credit provided in Section 48(a)(2)(A)(i)(III) of the Internal Revenue Code.

The amount of tax credit claimed by a taxpayer related to paragraphs 52.44(3) "a" and "b" cannot exceed \$20,000 for a tax year.

The federal energy tax credit for solar energy systems is allowed for installations that are placed in service on or before December 31, 2016. Therefore, the Iowa tax credit is available for installations placed in service before January 1, 2017. If the federal energy tax credit is extended to installations placed in service on or after January 1, 2017, the Iowa credit will also be extended.

52.44(3) 52.44(4) *Application for the tax credit.* No more than \$1.5 million of tax credits for solar energy systems are allowed for each of the tax years 2012 to 2016 and 2013. The \$1.5 million cap also includes the solar energy system tax credits provided in rule 701—42.48(422) for individual income tax. No more than \$4.5 million of tax credits for solar energy systems is allowed for each of the tax years 2014 to 2016. The \$4.5 million cap does not include any dollars allocated to a previous tax year that roll over to the 2015 and 2016 tax years. The \$4.5 million cap also includes the solar energy system tax credits provided in rule 701—42.48(422) for individual income tax and in rule 701—58.22(422) for franchise tax. Credits will be reserved Awards are made on a first-come, first-served basis. At least \$1 million of the \$4.5 million cap for the 2014 to 2016 tax years is reserved for residential installations. If the total amount of credits for residential installations for a tax year is less than \$1 million, the remaining amount below \$1 million will be allowed for nonresidential installations. If the \$4.5 million cap for the 2014 and 2015 tax years is not reached, the remaining amount below \$4.5 million will be allowed to be carried forward to the following tax year and shall not count toward the cap for that tax year.

a. A taxpayer may claim one tax credit for each separate and distinct solar installation. In order for an installation to be considered a separate and distinct solar installation, both of the following factors must be met:

(1) Each installation must be eligible for the federal energy credit as provided in subrule 52.44(3).

(2) Each installation must have separate metering.

~~a- b.~~ In order to reserve request the tax credit, a taxpayer must complete an application for the solar energy tax credit for each separate and distinct installation. For installations completed on or after January 1, 2014, the application must be filed by May 1 following the year of installation of the solar energy system. The application must contain the following information:

(1) Name, address and federal identification number of the taxpayer.

(2) Date of installation of the solar energy system.

(3) The kilowatt capacity of the solar energy system.

~~(3) (4)~~ Copies of invoices or other documents showing the cost of the solar energy system.

~~(4) (5)~~ Amount of federal income tax credit for the solar energy system.

~~(5) (6)~~ Amount of Iowa tax credit to be reserved requested.

(7) A completion sheet from a local utility company verifying that the system has been placed in service. If a completion sheet is not available from the local utility company, a statement shall be provided that is similar to the one required to be attached to federal Form 3468 when claiming the federal energy credit and that specifies the date the system was placed in service.

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~~b. c.~~ c. If the application is approved, the department will send a letter to the taxpayer ~~reserving~~ including the amount of the tax credit and providing a tax credit certificate number. The solar energy system tax credit will be claimed on Form IA 148, Tax ~~Credit~~ Credits Schedule. Any tax credit in excess of the tax liability for the tax year may be credited to the tax liability for the following ten years or until used, whichever is the earlier. The taxpayer must ~~attach~~ include federal Form 3468, Investment Credit, ~~to with any~~ Iowa tax return claiming the solar energy system tax credit.

If the department receives applications for tax credits in excess of the \$1.5 million available for 2012 and 2013 and the \$4.5 million available for 2014 to 2016, the applications will be prioritized by the date the department received the applications. If the number of applications exceeds the \$1.5 or \$4.5 million of tax credits available, the department shall establish a wait list for the next year's allocation of tax credits and the applications shall first be funded in the order listed on the wait list. However, if the ~~\$1.5~~ \$4.5 million cap of tax credit is reached for 2016, no applications in excess of the ~~\$1.5~~ \$4.5 million cap will be carried over to the next year, assuming there is no extension of the federal credit.

EXAMPLE: A taxpayer submitted an application for a \$2,500 tax credit on December 1, 2012, for an installation that occurred in 2012. The application was denied on December 15, 2012, because the \$1.5 million cap had already been reached for 2012. The taxpayer will be placed on a wait list and will receive priority for receiving the tax credit for the 2013 tax year. However, if the application was submitted on December 1, 2016, for an installation that occurred in 2016 and the ~~\$1.5~~ \$4.5 million cap had already been reached for 2016, no tax credit will be allowed for the 2017 tax year, assuming there is no extension of the federal credit.

~~e. d.~~ d. A taxpayer who is eligible to receive a renewable energy tax credit provided in rule 701—52.27(422,476C) is not eligible for the solar energy system tax credit.

~~52.44(4)~~ 52.44(5) *Allocation of tax credit to owners of a business entity.* If the taxpayer claiming the tax credit based on a percentage of the federal energy credit under Section 48 of the Internal Revenue Code is a partnership, limited liability company, S corporation, estate or trust electing to have income taxed directly to the individual, the individual may claim the tax credit. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings of the partnership, limited liability company, S corporation, estate or trust. The maximum amount of credit available to a partnership, limited liability company, S corporation, estate or trust shall be limited to \$15,000 for a ~~single tax year~~ installations placed in service in tax years 2012 and 2013 and \$20,000 for installations placed in service in tax years 2014 to 2016.

This rule is intended to implement Iowa Code section 422.33 as amended by ~~2012~~ 2014 Iowa Acts, ~~Senate House File 2342~~ 2473, section 8 76.

ITEM 3. Adopt the following new rule 701—58.22(422):

701—58.22(422) Solar energy system tax credit. Effective for installations placed in service during tax years beginning on or after January 1, 2014, a solar energy system tax credit for financial institutions is available for business property located in Iowa. For information on property eligible for the credit, the calculation of the credit and applying for the credit, see rule 701—52.44(422).

This rule is intended to implement Iowa Code section 422.60 as amended by 2014 Iowa Acts, House File 2438, section 27, and 2014 Iowa Acts, House File 2473, section 78.

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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 421.14, the Department of Revenue hereby gives Notice of Intended Action to amend Chapter 71, “Assessment Practices and Equalization,” Iowa Administrative Code.

The amendments to Chapter 71 implement new Iowa Code subsection 441.21(13), which was enacted by 2013 Iowa Acts, Senate File 295, and which takes effect January 1, 2015. The Act created a new classification of property for property taxation purposes called “multiresidential.” The subject matter of new subrule 71.1(5) is the multiresidential property tax classification. The subject matter of new subrule 71.12(3) is the determination of aggregate actual values of multiresidential real estate. The subject matter of new rule 701—71.23(421,428,441) is the valuation and assessment of property classified as multiresidential. The subject matter of new rule 701—71.24(421,428,441) is the valuation and assessment of property with a dual classification.

Any interested person may make written suggestions or comments on these proposed amendments on or before September 9, 2014. Such written comments should be directed to the Policy Section, Policy and Communications Division, Department of Revenue, P.O. Box 10457, Des Moines, Iowa 50306, or by e-mail to Jane Severson at jane.severson@iowa.gov. Persons who want to convey their views orally should contact the Policy Section, 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.

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.

The Department finds that the reclassification of property as multiresidential will reduce local property tax revenues beginning after fiscal year 2016 when the impact created by the new classification is no longer reimbursed by the state general fund.

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

These amendments are intended to implement 2013 Iowa Acts, Senate File 295, division III.

The following amendments are proposed.

ITEM 1. Amend subrule 71.1(1) as follows:

71.1(1) Responsibility of assessors. All real estate subject to assessment by city and county assessors shall be classified as provided in this rule. It shall be the responsibility of city and county assessors to determine the proper classification of real estate. There can be only one classification per property: under this rule, except as provided for in paragraph 71.1(5)“b.” An assessor shall not assign one classification to the land and a different classification to the building or separate classifications to the land or separate classifications to the building (~~dual classification~~). A building or structure on leased land is considered a separate property and may be classified differently than the land upon which it is located. The determination shall be based upon the best judgment of the assessor following the guidelines set forth in this rule and the status of the real estate as of January 1 of the year in which the assessment is made. The assessor shall classify property according to its present use and not according to its highest and best use. See subrule ~~71.1(8)~~ 71.1(9) for an exception to the general rule that property is to be classified according to its use. The classification shall be utilized on the abstract

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of assessment submitted to the department of revenue pursuant to Iowa Code section 441.45. See rule 701—71.8(428,441).

ITEM 2. Amend subrule 71.1(4) as follows:

71.1(4) Residential real estate. Residential real estate shall include all lands and buildings which are primarily used or intended for human habitation containing fewer than three dwelling units, as that term is defined in subparagraph 71.1(5)“a”(5), including those buildings located on agricultural land. Buildings used primarily or intended for human habitation shall include the dwelling as well as structures and improvements used primarily as a part of, or in conjunction with, the dwelling. This includes but is not limited to garages, whether attached or detached, tennis courts, swimming pools, guest cottages, and storage sheds for household goods. “Used in conjunction with” means that the structure or improvement is located on the same parcel, on contiguous parcels, or on a parcel directly across a street or alley as the building or structure containing the dwelling and when marketed for sale would be sold as a unit. Residential real estate located on agricultural land shall include only buildings as defined in this subrule. Buildings for human habitation that are used as commercial ventures, including but not limited to hotels, motels, rest homes, and structures containing three or more separate living quarters shall not be considered residential real estate. However, regardless of the number of separate living quarters, multiple housing cooperatives organized under Iowa Code chapter 499A and land and buildings owned and operated by organizations that have received tax-exempt status under Section 501(c)(3) of the Internal Revenue Code, if the rental income from the property is not taxed as unrelated business income under Iowa Code section 422.33(1A), shall be considered residential real estate.

An apartment in a horizontal property regime (condominium) referred to in Iowa Code chapter 499B which is used or intended for use for human habitation shall be classified as residential real estate regardless of who occupies the apartment. Existing structures shall not be converted to a horizontal property regime unless building code requirements have been met.

ITEM 3. Renumber subrules **71.1(5)** to **71.1(9)** as **71.1(6)** to **71.1(10)**.

ITEM 4. Adopt the following **new** subrule 71.1(5):

71.1(5) Multiresidential real estate. Multiresidential real estate shall include all lands and buildings which are primarily used or intended for human habitation containing three or more separate dwelling units as well as structures and improvements used primarily as a part of, or in conjunction with, the dwelling units. For purposes of this rule, “used in conjunction with” means that the structure or improvement is located on the same parcel, on contiguous parcels, or on a parcel directly across a street or alley as the building or structure containing the dwelling units and when marketed for sale would be sold as a unit. Multiresidential real estate shall include that portion of a building that is used for human habitation and a proportionate share of the land upon which the building is situated, regardless of the number of dwelling units located in the building, if the use for human habitation is not the primary use of the building and such building is not otherwise classified as residential property. Multiresidential real estate shall include mobile home parks, manufactured home communities, land-leased communities, and assisted living facilities. Multiresidential real estate shall exclude properties referred to in Iowa Code section 427A.1(8) or properties subject to valuation under Iowa Code section 441.21(2).

a. Definitions. For purposes of this subrule, the following definitions apply:

(1) “Mobile home park” means any land upon which three or more mobile homes, as defined in Iowa Code section 435.1, or manufactured homes, as defined in Iowa Code section 435.1, or a combination of such homes, are placed on developed spaces and operated as a for-profit enterprise with water, sewer, or septic, and electrical services available. “Mobile home park” does not include homes where the owner of the land is providing temporary housing for the owner’s employees or students.

(2) “Manufactured home community” means any site, lot, field, or tract of land under common ownership upon which ten or more occupied manufactured homes, as defined in Iowa Code section 435.1, are harbored, either free of charge or for revenue purposes, and shall include any building, structure, or enclosure used or intended for use as part of the equipment of the community. “Manufactured home community” shall not be construed to include homes, buildings, or other structures

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temporarily maintained by any individual, educational institution, or company on their own premises and used exclusively to house their own labor or students. "Manufactured home community" means the same as "land-leased community" as defined in Iowa Code sections 335.30A and 414.28A.

(3) "Land-leased community" means any site, lot, field, or tract of land under common ownership upon which ten or more occupied manufactured homes are harbored, either free of charge or for revenue purposes, and shall include any building, structure, or enclosure used or intended for use as part of the equipment of the land-leased community. "Land-leased community" shall not be construed to include homes, buildings, or other structures temporarily maintained by any individual, educational institution, or company on their own premises and used exclusively to house their own labor or students.

(4) "Assisted living facility" means real estate that provides housing with services which may include but are not limited to health-related care, personal care, and assistance with instrumental activities of daily living to three or more tenants in a physical structure which provides a homelike environment. "Assisted living facility" also includes a health care facility, as defined in Iowa Code section 135C.1, an elder group home, as defined in Iowa Code section 231B.1, a child foster care facility under Iowa Code chapter 237, or property used for a hospice program as defined in Iowa Code section 135J.1.

(5) " Dwelling unit" means an apartment, group of rooms, or single room which is occupied as separate living quarters or, if vacant, is intended for occupancy as separate living quarters, in which a tenant can live and sleep separately from any other persons in the building. A vacant dwelling unit that does not have active utility services is not considered to be intended for occupancy.

b. Dual classification. Assessors shall use dual classification on properties where the primary use of the property is commercial or industrial and a portion or portions of the property meet the requirements of the multiresidential classification. Properties where the primary use is multiresidential shall not receive a dual classification but instead shall be classified multiresidential for the entire parcel. There are only two permissible dual classifications: commercial/multiresidential and industrial/multiresidential. The assessor shall assign to that portion of the parcel that satisfies the requirements the classification of multiresidential property and to such other portions of the parcel the property classification for which such other portions qualify. The assessor shall maintain the valuation and assessment of property with a dual classification on one parcel record.

c. Section 42 housing. Property that has elected special valuation procedures under Iowa Code section 441.21(2) and is rented or leased to low-income individuals and families as authorized by Section 42 of the Internal Revenue Code shall not be classified as multiresidential property as required by 2014 Iowa Acts, House File 2466, section 3.

d. Short-term leases. A hotel, motel, inn or other building where rooms or dwelling units are usually rented for less than one month shall not be classified as multiresidential property.

ITEM 5. Amend renumbered subrule 71.1(6) as follows:

71.1(6) Commercial real estate. Commercial real estate shall include all lands and improvements and structures located thereon which are primarily used or intended as a place of business where goods, wares, services, or merchandise is stored or offered for sale at wholesale or retail. Commercial realty shall also include hotels, motels, ~~rest homes, structures consisting of three or more separate living quarters and any other buildings for human habitation that are used as a commercial venture~~ and property that is rented or leased to low-income individuals and families as authorized by Section 42 of the Internal Revenue Code and has not been withdrawn from Section 42 assessment procedures under Iowa Code section 441.21(2). Commercial real estate shall also include data processing equipment as defined in Iowa Code section 427A.1(1) "j," except data processing equipment used in the manufacturing process. However, regardless of the number of separate living quarters or any commercial use of the property, single- and two-family dwellings, multiple housing cooperatives organized under Iowa Code chapter 499A, and land and buildings used primarily for human habitation and owned and operated by organizations that have received tax-exempt status under Section 501(c)(3) of the Internal Revenue Code, if the rental income from the property is not taxed as unrelated business income under Iowa Code section 422.33(1A), shall be classified as residential real estate.

REVENUE DEPARTMENT[701](cont'd)

An apartment in a horizontal property regime (condominium) referred to in Iowa Code chapter 499B which is used or intended for use as a commercial venture, other than leased for human habitation, shall be classified as commercial real estate. Existing structures shall not be converted to a horizontal property regime unless building code requirements have been met.

ITEM 6. Amend renumbered subparagraph **71.1(7)“a”(2)**, introductory paragraph, as follows:

(2) Whether property is used primarily as a manufacturing establishment and, therefore, assessed as industrial real estate depends upon the extent to which the property is used for the activities enumerated in subparagraph ~~71.1(6)“a”(1)~~ 71.1(7)“a”(1). Property in which the performance of these activities is only incidental to the property’s primary use for another purpose is not a manufacturing establishment. For example, a grocery store in which bakery goods are prepared would be assessed as commercial real estate since the primary use of the grocery store premises is for the sale of goods not manufactured by the grocery and the industrial activity, i.e., baking, is only incidental to the store premises’ primary use. However, property which is used primarily as a bakery would be assessed as industrial real estate even if baked goods are sold at retail on the premises since the bakery premises’ primary use would be for an industrial activity to which the retail sale of baked goods is merely incidental. See *Lichty v. Board of Review of Waterloo*, 230 Iowa 750, 298 N.W. 654 (1941).

ITEM 7. Amend renumbered subparagraph **71.1(9)“a”(5)** as follows:

(5) Definition of “subdivide.” As used in both paragraphs ~~71.1(8)“a”~~ 71.1(9)“a” and “b,” “subdivide” means to divide a tract of land into three or more lots.

ITEM 8. Renumber subrules **71.12(3)** and **71.12(4)** as **71.12(4)** and **71.12(5)**.

ITEM 9. Adopt the following **new** subrule 71.12(3):

71.12(3) Multiresidential real estate.

a. Use of assessment/sales ratio study. Basic data shall be that set forth in rule 701—71.11(421), refined by eliminating any sales determined to be abnormal or by adjusting same to eliminate the effects of factors which resulted in the sales having been determined to be abnormal. The basic data used shall be the assessment/sales ratio study conducted for sales taking place during the calendar year immediately preceding the year in which the equalization order is issued. The director may also supplement the assessment/sales ratio study with appraisals made by department of revenue appraisal personnel for the year immediately preceding the year in which the equalization order is issued. The assessment/sales ratio study including relevant appraisals, if any, shall be used to determine the aggregate actual valuation of multiresidential real estate in each assessing jurisdiction. The director of revenue may consider sales and appraisal data for prior years if it is determined the use of sales and appraisal data for the year immediately preceding the year in which the equalization order is issued is insufficient to determine market value. If such sales and appraisal data for prior years is used, consideration shall be given for any subsequent changes in either assessed value or market value.

b. Use of other relevant data. The director may also consider other relevant data, including field investigations conducted by representatives of the department of revenue to determine the level of assessment of multiresidential real estate.

Assessors shall provide any known facts or circumstances regarding reported sales transactions and department appraisals which would indicate abnormal or unusual conditions or reporting discrepancies which would necessitate exclusion or adjustment of sales or appraisals from the determination of aggregate actual values. Assessors shall provide those facts within 45 days of receipt from the department of information concerning sales and appraisal data proposed for assessment/sales ratio and equalization purposes.

c. Equalization appraisal selection procedures for multiresidential real estate. To the extent possible, multiresidential properties to be appraised by department of revenue personnel for use in supplementing the assessment/sales ratio study shall be selected for each jurisdiction in the manner outlined in paragraph 71.12(4)“c.”

The following restrictions shall render a property ineligible for the appraisal selection for multiresidential property:

REVENUE DEPARTMENT[701](cont'd)

Vacant building
 Current-year sale
 Partial assessment
 Tax-exempt
 Only one portion of a total property unit (example—a parking lot of a grocery store)
 Value established by court action
 Value is not more than \$10,000
 Building on leased land

ITEM 10. Amend renumbered subrule 71.12(4) as follows:

71.12(4) Commercial real estate.

a. Use of assessment/sales ratio study. Basic data shall be that set forth in rule 701—71.10(421), refined by eliminating any sales determined to be abnormal or by adjusting same to eliminate the effects of factors which resulted in the sales having been determined to be abnormal. The basic data used shall be the assessment/sales ratio study conducted for sales taking place during the calendar year immediately preceding the year in which the equalization order is issued. The director may also supplement the assessment/sales ratio study with appraisals made by department of revenue appraisal personnel for the year immediately preceding the year in which the equalization order is issued. The assessment/sales ratio study including relevant appraisals, if any, shall be used to determine the aggregate actual valuation of commercial real estate in each assessing jurisdiction. The director of revenue may consider sales and appraisal data for prior years if it is determined the use of sales and appraisal data for the year immediately preceding the year in which the equalization order is issued is insufficient to determine market value. If such sales and appraisal data for prior years is used, consideration shall be given for any subsequent changes in either assessed value or market value. Properties receiving a dual classification with the primary use being commercial shall be included.

b. Use of other relevant data. The director may also consider other relevant data, including field investigations conducted by representatives of the department of revenue to determine the level of assessment of commercial real estate. The diverse nature of commercial real estate precludes the use of a countywide or citywide income capitalization study.

Assessors shall provide any known facts or circumstances regarding reported sales transactions and department appraisals which would indicate abnormal or unusual conditions or reporting discrepancies which would necessitate exclusion or adjustment of sales or appraisals from the determination of aggregate actual values. Assessors shall provide those facts within 45 days of receipt from the department of information concerning sales and appraisal data proposed for assessment/sales ratio and equalization purposes.

c. Equalization appraisal selection procedures for commercial real estate. Commercial properties to be appraised by department of revenue personnel for use in supplementing the assessment/sales ratio study shall be selected for each jurisdiction in the following manner: outlined below. Properties receiving a dual classification with the primary use being commercial shall be included.

(1) The department appraiser assigned to the jurisdiction shall determine a systematic random sequence of numbers equal to the number of appraisals required and document the following steps.

1. The department appraiser shall compute the interval number by dividing the total number of improved properties in the classification to be sampled by the number of appraisals to be performed.

EXAMPLE: In this example, ten appraisals are needed with a total of 397 improved commercial units. Dividing 397 by 10, 39.7 is arrived at, which is rounded down to 39. This is the interval number.

2. The selection of the first sequence number shall be accomplished by having an available disinterested person randomly select a number from one through the interval number.

EXAMPLE: In this example a number from 1 to 39 is to be selected. The person randomly selected number 2.

3. The department appraiser shall develop a systematic sequence of numbers equal to the number of appraisals required. Starting with the randomly selected number previously picked by the disinterested

REVENUE DEPARTMENT[701](cont'd)

person, add the interval number to this number and to each resulting number until a systematic sequence of numbers is obtained.

EXAMPLE: In this example ten appraisals are needed, so a sequence of ten numbers must be developed. Starting with number 2 and adding the interval number of 39 to it, each resulting number provides the following systematic sequence: 2, 41, 80, 119, 158, 197, 236, 275, 314, 353.

(2) Number of improved properties.

1. City jurisdictions—Utilizing the assessment book or a computer printout which follows the same order as the assessment book, consecutively number all the improved units and document the procedure.

2. County jurisdictions—Put the name of each city or township having improved units in the classification to be sampled into a hat. Draw each one out of the hat and record its name in the order of its draw. Likewise, record the respective number of improved units for each. Then consecutively number all the improved units and document the procedure.

EXAMPLE:

| City or Township | Number of Improved Commercial Units | Code Numbers |
|------------------|-------------------------------------|--------------|
| Franklin Twp. | 4 | 1-4 |
| Pleasant View | 60 | 5-64 |
| Jackson Twp. | 9 | 65-73 |
| Johnston | 100 | 74-173 |
| Polk Twp. | 10 | 174-183 |
| Washington Twp. | 14 | 184-197 |
| Maryville | 106 | 198-303 |
| Camden Twp. | 10 | 304-313 |
| Salem | 84 | 314-397 |
| Total | <u>397</u> | |

(3) The department appraiser shall determine the location of the improved properties selected for appraisal and document the procedure.

EXAMPLE:

| City or Township | Number of Improved Commercial Units | Code Numbers | Sequence Number | Entry on Rolls |
|------------------|-------------------------------------|--------------|-----------------|----------------|
| Franklin Twp. | 4 | 1-4 | 2 | 2 |
| Pleasant View | 60 | 5-64 | 41 | 37 |
| Jackson Twp. | 9 | 65-73 | | |
| Johnston | 100 | 74-173 | 80,119,158 | 7,46,85 |
| Polk Twp. | 10 | 174-183 | | |
| Washington Twp. | 14 | 184-197 | 197 | 14 |
| Maryville | 106 | 198-303 | 236,275 | 39,78 |
| Camden Twp. | 10 | 304-313 | | |
| Salem | 84 | 314-397 | 314,353 | 1,40 |
| Total | <u>397</u> | | | |

1. The department appraiser shall locate the property to be appraised by finding the relationship between the sequence numbers and the code numbers and identify the property.

REVENUE DEPARTMENT[701](cont'd)

EXAMPLE: The first sequence number is 2. Since the improved commercial properties in Franklin Township have been assigned code numbers 1 to 4, sequence number 2 is in that location.

To identify this property, examine the Franklin Township assessment roll book and stop at the second improved commercial entry.

The department appraiser shall document the parcel number, owner's name, and legal description of this property.

2. The department appraiser shall appraise the property selected unless it is ineligible because of any of the following restrictions:

Vacant building

Current-year sale

Partial assessment

Prior equalization appraisal

Tax-exempt

Only one portion of a total property unit (example—a parking lot of a grocery store)

Value established by court action

Value is not more than ~~\$5,000~~ \$10,000

Building on leased land

3. The department appraiser shall determine a substitute property if the originally selected one is ineligible. In ascending order, select code numbers until an eligible property is found.

EXAMPLE: If code number 2 is ineligible, use code number 3 as a substitute. If code number 3 is ineligible, use code number 4, etc., until an eligible property is found.

If the procedure described in ~~71.12(3)“e”(3)“3”~~ 71.12(4)“c”(3)“3” moves the substitute property to a city or township, select substitute code numbers in descending order until an eligible property is found.

If the procedure described in the previous paragraph moves the substitute property to a preceding city or township, go back to the procedure of ~~71.12(3)“e”(3)“3”~~ 71.12(4)“c”(3)“3” even if it moves the substitute property to a subsequent city or township.

4. Select an alternate property for the originally selected property which also would be eligible. This is necessary because at the time of appraisal the property may be found to be ineligible due to one of the restrictions in ~~71.12(3)“e”(3)“2.”~~ 71.12(4)“c”(3)“2.” Alternate properties are selected by using the same procedure described in ~~71.12(3)“e”(3)“3.”~~ 71.12(4)“c”(3)“3.”

5. Follow procedures ~~71.12(3)“e”(3)~~ 71.12(4)“c”(3), items “1” to “4,” for each of the other originally selected sequence numbers.

ITEM 11. Amend renumbered subrule 71.12(5) as follows:

71.12(5) Industrial real estate. It is not possible to determine the level of assessment of industrial real estate by using accepted equalization methods. The lack of sales data precludes the use of an assessment/sales ratio study, the diverse nature of industrial real estate precludes the use of a countywide or citywide income capitalization study, and the limited number of industrial properties precludes the use of sample appraisals. The level of assessment of industrial real estate can only be determined by the valuation of individual parcels of industrial real estate. Any attempt to equalize industrial valuations by using accepted equalization methods would create an arbitrary result. However, under the circumstances set forth in Iowa Code subsection 421.17(10), the director may correct any errors in such assessments which are brought to the director's attention, including errors related to property with a dual classification if the primary use of the property is from the industrial portions.

ITEM 12. Adopt the following **new** rule 701—71.23(421,428,441):

701—71.23(421,428,441) Valuation of multiresidential real estate. Multiresidential real estate shall be assessed at a percent of its actual value as defined in Iowa Code section 441.21. In determining the actual value of multiresidential real estate, city and county assessors shall use the appraisal manual issued

REVENUE DEPARTMENT[701](cont'd)

by the department of revenue pursuant to Iowa Code section 421.17(18) as well as a locally conducted assessment/sales ratio study, an analysis of sales of comparable properties, and any other relevant data.

This rule is intended to implement Iowa Code sections 421.17, 428.4 and 441.21 as amended by 2013 Iowa Acts, Senate File 295.

ITEM 13. Adopt the following new rule 701—71.24(421,428,441):

701—71.24(421,428,441) Valuation of dual classification property. Real estate with a dual classification of commercial/multiresidential or industrial/multiresidential shall be assessed at its actual value as defined in Iowa Code section 441.21.

71.24(1) Allocation of dual classification values. The assessor shall value as a whole properties that have portions classified as multiresidential and portions classified as commercial or industrial using the methodology found in rule 701—71.23(421,428,441). After the assessor has assigned a value to the property, the value shall be allocated between the two classes of property based on the appropriate appraisal methodology. The assessor shall allocate land value proportionately by class.

71.24(2) Notice of valuation. The valuation notice issued pursuant to Iowa Code section 441.23 shall include a breakdown of the valuation by class for the current year and the prior year.

71.24(3) Protest of assessment. The valuation and assessment of property with a dual classification shall be considered one assessment, and any protest of assessment brought under Iowa Code section 441.37 or subsequent appeal must be made on the entire assessment. Protests of assessments on the valuation of only one class of property are not permitted. The board of review shall review the valuation in total as both classifications are subject to the board’s adjustment in any review proceeding. Likewise, any tribunal or court reviewing the board’s decision shall base its review on the entire assessment.

This rule is intended to implement Iowa Code sections 421.17, 428.4 and 441.21 as amended by 2013 Iowa Acts, Senate File 295.

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 James M. Schipper, and Auditor of State Mary Mosiman have established today the following rates of interest for public obligations and special assessments. The usury rate for August is 4.50%.

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 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 August 9, 2014, setting the minimums that may be paid by Iowa depositories on public funds are listed below.

TREASURER OF STATE(cont'd)

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 .10% |

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 1582C

AGRICULTURE AND LAND STEWARDSHIP DEPARTMENT[21]

Adopted and Filed

Pursuant to the authority of Iowa Code section 99D.22(5), the Department of Agriculture and Land Stewardship hereby amends Chapter 62, "Registration of Iowa-Foaled Horses and Iowa-Whelped Dogs," Iowa Administrative Code.

The requirement that 51 percent of an Iowa-registered stallion be owned by Iowa residents for purposes of determining eligibility for registration as an Iowa thoroughbred, quarter horse, or standardbred stallion was eliminated in 2014 Iowa Acts, Senate File 2185. The amendments eliminate the 51 percent Iowa ownership requirement from the stallion qualification and application procedure and from the application information form. The amendments also rescind the definition of "bona fide Iowa resident," which requires a person to reside in Iowa for six months prior to the date of registration of the stallion, and eliminate related provisions.

Notice of Intended Action was published in the Iowa Administrative Bulletin as **ARC 1513C** on June 25, 2014. No comments were received from the public. The adopted amendments are identical to the amendments published under Notice of Intended Action.

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

These amendments are intended to implement 2014 Iowa Acts, Senate File 2185.

These amendments will become effective September 24, 2014.

The following amendments are adopted.

ITEM 1. Rescind the definition of "Bona fide Iowa resident" in rule **21—62.1(99D)**.

ITEM 2. Amend rule **21—62.1(99D)**, definition of "Owner of a thoroughbred stallion," as follows:
"Owner of a thoroughbred stallion," "owner of a standardbred stallion" or "owner of a quarter horse stallion" means ~~a bona fide Iowa resident~~ the person who owns at least 51 percent of a thoroughbred, standardbred or quarter horse stallion for one service season or more.

ITEM 3. Rescind and reserve subrule **62.10(1)**.

ITEM 4. Amend subrule 62.12(3) as follows:

62.12(3) If ~~51 percent of the new ownership is a bona fide Iowa resident(s) and~~ owner(s) wishes to qualify the stallion as an Iowa stallion, then the new owner(s) must submit an application for an Iowa Stallion Eligibility Certificate; along with a copy of the bill of sale and meet all other department requirements.

ITEM 5. Amend rule **21—62.13(99D)**, numbered paragraph "5," as follows:

5. Statement that ~~a minimum of 51 percent of the stallion is owned by a bona fide resident(s) of Iowa, and that~~ the stallion will not stand for service any place outside the state of Iowa during the calendar year in which the foal is conceived;

ITEM 6. Rescind and reserve subrule **62.20(1)**.

ITEM 7. Amend rule **21—62.23(99D)**, numbered paragraph "5," as follows:

5. Statement that ~~a minimum of 51 percent of the stallion is owned by a bona fide resident(s) of Iowa, and that~~ the stallion will not stand for service any place outside the state of Iowa before August 1 of the calendar year in which the foal is conceived;

AGRICULTURE AND LAND STEWARDSHIP DEPARTMENT[21](cont'd)

ITEM 8. Rescind and reserve subrule **62.30(1)**.

ITEM 9. Amend rule **21—62.33(99D)**, numbered paragraph “5,” as follows:

5. Statement that ~~a minimum of 51 percent of the stallion is owned by a bona fide resident(s) of Iowa, and that~~ the stallion will not stand for service any place outside the state of Iowa before August 1 of the calendar year in which the foal is conceived;

[Filed 7/30/14, effective 9/24/14]

[Published 8/20/14]

EDITOR’S NOTE: For replacement pages for IAC, see IAC Supplement 8/20/14.

ARC 1572C

COLLEGE STUDENT AID COMMISSION[283]

Adopted and Filed

Pursuant to the authority of Iowa Code section 261.110, the Iowa College Student Aid Commission hereby adopts new Chapter 28, “Teach Iowa Scholar Program,” Iowa Administrative Code.

The rules in Chapter 28 describe the administration of a new Teach Iowa Scholar Program pursuant to Iowa Code section 261.110.

Notice of Intended Action was published in the Iowa Administrative Bulletin on April 16, 2014, as **ARC 1419C**. The adopted rules have been changed from the Notice of Intended Action to include a more accurate definition of “eligible school or agency,” a definition for “eligible student loan,” an additional selection criterion, and language allowing payment directly to a recipient’s eligible student loan as provided in 2014 Iowa Acts, Senate File 2347.

The Commission does not intend to grant waivers under the provisions of these rules.

These rules were adopted during the July 18, 2014, meeting of the Iowa College Student Aid Commission.

After analysis and review of this rule making, the Commission finds that there could be a positive impact on jobs. This rule making provides incentives to Iowa teachers teaching designated hard-to-staff subjects. Individuals will be encouraged to teach in Iowa schools.

These rules are intended to implement Iowa Code chapter 261.

These rules will become effective on September 24, 2014.

The following amendment is adopted.

Adopt the following **new** 283—Chapter 28:

CHAPTER 28

TEACH IOWA SCHOLAR PROGRAM

283—28.1(261) Teach Iowa scholar program. The teach Iowa scholar program is a state-funded and administered benefit for high-achieving Iowans teaching in eligible teaching fields in Iowa.

283—28.2(261) Definitions. As used in this chapter:

“*Commission*” means the Iowa college student aid commission.

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

“*Eligible school or agency*” means a public school district, area education agency, charter school, and accredited nonpublic school recognized and approved by the department.

“*Eligible student loan*” means a recipient’s total subsidized, unsubsidized, and consolidated Federal Stafford Loan amount under the Federal Family Education Loan Program, Federal Direct Loan Program, federal Graduate PLUS Loan, or federal Perkins Loan, including principal and interest. Only the outstanding portion of a federal consolidation loan that was used to repay an eligible subsidized or unsubsidized Federal Stafford Loan qualifies as an eligible student loan.

COLLEGE STUDENT AID COMMISSION[283](cont'd)

“Eligible teaching field” means hard-to-staff subjects as identified by the director of the department. In selecting hard-to-staff subjects, the department shall consider the varying regional needs in the state.

“Preparation program” means the programs of practitioner preparation leading to licensure of teachers, administrators, and other professional school personnel.

“Teacher” means an individual who holds a practitioner’s license or a statement of professional recognition issued under Iowa Code chapter 272 and who is employed in a nonadministrative position by a school district or area education agency pursuant to a contract issued by a board of directors under Iowa Code section 279.13. “Teacher” also includes a preschool teacher who is licensed by the board of educational examiners under Iowa Code chapter 272 and is employed by an eligible school or agency.

283—28.3(261) Eligibility requirements. An applicant must:

28.3(1) Have graduated in the top 25 percent academically of students completing teacher preparation programs, as certified by the postsecondary institution offering the teacher preparation program from which the applicant graduates.

28.3(2) Be a teacher providing instruction on a full-time basis in an eligible teaching field or in a combination of eligible teaching fields in an eligible school or agency.

28.3(3) File an application annually on or before the deadline established by the commission to be considered for funding.

28.3(4) Annually complete and return to the commission an affidavit of practice verifying annual employment in an eligible teaching field.

283—28.4(261) Awarding of funds.

28.4(1) *Selection criteria.* All applicants meeting the eligibility requirements will be considered for funding. In the event that all on-time applicants cannot be funded with the available appropriation, criteria for selection of recipients will be prioritized as follows:

- a. Award renewal status;
- b. Iowa resident status;
- c. Graduation date, grouped by academic year, with the most recent academic year graduates given priority;
- d. Prioritized annual ranking of eligible teaching fields by the department, with the highest ranking fields being served first, if information is available;
- e. Prioritized annual ranking of regional need within eligible teaching fields by the department, with the highest ranking regions being served first within each ranked eligible teaching field, if information is available;
- f. Date of application.

28.4(2) *Maximum award and extent of receipt.*

- a. The maximum annual award shall not exceed \$4,000.
- b. A recipient may receive up to \$20,000 over a five-year period, beginning with the first year of receipt.
- c. Designated applicants teaching hard-to-staff subjects shall not be impacted in subsequent years if the subject is no longer identified by the department as a hard-to-staff subject.

28.4(3) *Disbursement of award.* The maximum annual award will be paid either directly to the teacher or to the teacher’s eligible student loan holder upon successful completion of each annual employment obligation. The commission will annually verify completion of the teacher’s employment obligation with the eligible school or agency prior to payment.

283—28.5(261) Award cancellation.

28.5(1) The teacher must notify the commission within 30 days following termination or change of employment in an eligible teaching field or an eligible school or agency.

COLLEGE STUDENT AID COMMISSION[283](cont'd)

28.5(2) The teacher is responsible for notifying the commission immediately of a change in contact information including, but not limited to, name, telephone number and e-mail address.

These rules are intended to implement Iowa Code section 261.110.

[Filed 7/21/14, effective 9/24/14]

[Published 8/20/14]

EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 8/20/14.

ARC 1573C**ECONOMIC DEVELOPMENT AUTHORITY[261]****Adopted and Filed**

Pursuant to the authority of 2013 Iowa Code section 15.106A and 2013 Iowa Acts, chapters 34 and 126, the Economic Development Authority hereby amends Chapter 76, "Aggregate Tax Credit Limit for Certain Economic Development Programs," rescinds Chapter 113, "Community Microenterprise Development Organization Grant Program," amends Chapter 187, "Contracting," and rescinds Chapter 410, "Board Structure and Procedures," Iowa Administrative Code.

In 2013 Iowa Acts, chapter 126, the General Assembly enacted changes to certain economic development programs in Iowa Code chapters 15 and 15E, including the High Quality Jobs Program and the Enterprise Zone Program. These changes included certain compliance cost fees for economic development contracts and an increase in the maximum aggregate tax credit limitation on economic development programs, among other things.

In 2013 Iowa Acts, chapter 34, the General Assembly enacted changes to the administration of certain economic development programs in Iowa Code chapters 15 and 15E, including changes to contract administration, the repeal of the Community Microenterprise Development Organization Grant Program, the elimination of the Broadband Deployment Governing Board, and the elimination of the requirement that the Economic Development Authority approve certain industrial property tax exemptions granted by local governments.

These amendments are necessitated by the enacted legislation and update and clarify certain administrative rules.

Notice of Intended Action was published in the Iowa Administrative Bulletin on April 16, 2014, as **ARC 1430C**. No public comment was received on these amendments. These amendments are identical to those published under Notice.

These amendments were adopted by the Economic Development Authority Board on July 18, 2014.

These amendments do not have any fiscal impact to the state of Iowa.

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

These amendments are intended to implement 2013 Iowa Acts, chapters 34 and 126.

These amendments will become effective September 24, 2014.

The following amendments are adopted.

ITEM 1. Amend rule 261—76.1(83GA,SF483) as follows:

261—76.1(~~83GA,SF483~~ 15) Authority. The authority for establishing rules governing the aggregate tax credit limit for certain economic development programs under this chapter is ~~2009 Iowa Acts, Senate File 483~~ Iowa Code sections 15.106A and 15.119.

ITEM 2. Amend rule **261—76.2(83GA,SF483)**, parenthetical implementation statute, as follows:
(~~83GA,SF483~~ 15)

ITEM 3. Amend rule 261—76.3(83GA,SF483) as follows:

261—76.3(~~83GA,SF483~~ 15) Definitions.

"Authority" means the economic development authority.

ECONOMIC DEVELOPMENT AUTHORITY[261](cont'd)

“Board” means the Iowa economic development board established in Iowa Code section 15.103 members of the board in whom the powers of the authority are vested pursuant to Iowa Code chapter 15.

“Department” means the Iowa department of economic development.

ITEM 4. Amend rule 261—76.4(83GA,SF483) as follows:

261—76.4(83GA,SF483 15) Amount of the tax Tax credit cap—exceeding the cap—reallocation of declinations.

76.4(1) Maximum aggregate limit on tax credits. ~~The department~~ Except as provided in subrule 76.4(2), the authority shall not authorize tax credit awards made under the programs identified in rule 261—76.5(83GA,SF483) in excess of \$185 million per fiscal year for any one fiscal year an amount of tax credits that is in excess of \$170 million.

76.4(2) Exceeding the cap. The authority may authorize an amount of tax credits during a fiscal year that is in excess of the amount specified in subrule 76.4(1), but the amount of such excess will not exceed 20 percent of the amount specified in subrule 76.4(1) and will be counted against the total amount of tax credits that may be authorized for the next fiscal year.

76.4(3) Reallocation of declinations. Any amount of tax credits authorized and awarded during a fiscal year for a program specified in rule 261—76.5(15) which is irrevocably declined by the awarded business on or before June 30 of the next fiscal year may be reallocated, authorized, and awarded during the fiscal year in which the declination occurs. Tax credits authorized pursuant to this subrule will not be considered for purposes of subrule 76.4(2).

ITEM 5. Rescind rule 261—76.5(83GA,SF483) and adopt the following **new** rule in lieu thereof:

261—76.5(15) Programs subject to the cap.

76.5(1) Tax credits authorized under the following economic development programs are subject to the tax credit cap:

- a. The high quality jobs program.
- b. The enterprise zone program.
- c. The assistive device tax credit program.
- d. The tax credits for investments in qualifying businesses and community-based seed capital funds.
- e. The tax credits for investments in certified innovation funds.
- f. The redevelopment tax credit program for brownfields and grayfields.

76.5(2) Pursuant to rule 261—76.6(15), the authority will allocate a certain amount of tax credits to the programs listed in this rule.

ITEM 6. Rescind rule 261—76.6(83GA,SF483) and adopt the following **new** rule in lieu thereof:

261—76.6(15) Allocating the tax credit cap.

76.6(1) Procedure for allocations. At a scheduled meeting of the board prior to the start of a fiscal year, the board will allocate a portion of the tax credits available under the cap to the programs listed in rule 261—76.5(15). The board is not required to allocate a portion of the cap to every program listed. The board may allocate a portion of the cap to be shared by programs with a common purpose. For example, the business awards made under the enterprise zone program and high quality jobs program may be allocated one amount to jointly serve both programs. Throughout the fiscal year, the board may review the allocation as necessary, but shall review the allocation at least one time during the fiscal year. Based on its review, the board may make adjustments to the allocation as deemed necessary.

76.6(2) Required suballocations. Iowa Code section 15.119 requires the authority to make certain suballocations to the programs subject to the cap. In some cases, there is a minimum required suballocation and in others a maximum suballocation. The authority will make the required suballocations and count them against the maximum aggregate cap before making any discretionary allocations.

ECONOMIC DEVELOPMENT AUTHORITY[261](cont'd)

76.6(3) Allocation to programs subject to the cap. For the fiscal year beginning July 1, 2013, and for all subsequent fiscal years in which the required suballocations are not changed, the authority will allocate the maximum aggregate tax credit cap as follows:

- a. \$2 million to the credits for investments in qualifying businesses and community-based seed capital funds, unless the authority determines that the program demand is less than that amount.
- b. \$8 million to the tax credits for investments in certified innovation funds, unless the authority determines that the program demand is less than that amount.
- c. \$10 million to the redevelopment tax credit program for brownfields and grayfields, unless the authority determines that the program demand is less than that amount.
- d. To the assistive device tax credit program, an amount necessary to meet the demand for that year.
- e. To any other programs that may be made subject to the cap but which are not listed in this subrule, any amount that may be required by law or such amount as the board determines prudent given the amount of tax credits available.
- f. To the high quality jobs program and the enterprise zone program, an amount equal to the amount necessary to meet the demand for that year, provided that such amount will not exceed the remainder of the maximum aggregate tax credit limit for that year.

ITEM 7. Rescind and reserve rule **261—76.7(83GA,SF483)**.

ITEM 8. Amend rule 261—76.8(83GA,SF483) as follows:

261—76.8(83GA,SF483 15) Reporting to the department of revenue. The ~~department authority~~ shall submit an initial report to the department of revenue by August 15, ~~2009~~ of each year, which shows the initial allocation of the ~~\$185 million maximum aggregate tax credit cap~~. At the start of each subsequent fiscal year, the ~~department authority~~ shall prepare a report to summarize the final allocation for the fiscal year that just ended, the total amount of awards made under each program ~~identified in rule 261—76.5(83GA,SF483)~~ subject to the cap during that fiscal year, and the initial allocation for the current subsequent fiscal year. ~~The report shall be submitted to the department of revenue on or before August 15 of each year.~~

ITEM 9. Amend **261—Chapter 76**, implementation sentence, as follows:

These rules are intended to implement ~~2009 Iowa Acts, Senate File 483~~ Iowa Code section 15.119.

ITEM 10. Rescind and reserve **261—Chapter 113**.

ITEM 11. Amend subrule 187.2(2) as follows:

187.2(2) Contract required. The authority shall prepare a contract, ~~which~~ that includes, but is not limited to, a description of the project to be completed by the business; the jobs to be created or retained; length of the project completion period and maintenance project completion period; the project completion date and maintenance period completion date; conditions to disbursement; a requirement for annual reporting to the authority; and the repayment requirements of the business or other penalties imposed on the business in the event the business does not fulfill its obligations described in the contract and other specific repayment provisions (“clawback provisions”) to be established on a project-by-project basis. The contract shall include the requirements that must be met to confirm eligibility pursuant to the program and the requirements that must be maintained throughout the period of the contract in order to retain the incentives or financial assistance received.

ITEM 12. Amend subrule 187.5(1) as follows:

187.5(1) Events of default. The authority may, for cause, determine that a recipient is in default under the terms of the contract. The reasons for which the authority may determine that the recipient is in default of the contract include, but are not limited to, any of the following:

- a. Any material representation or warranty made by the recipient in connection with the application that was incorrect in any material respect when made.
- b. A material change in the business ownership or structure that occurs without prior written disclosure and the permission of the authority.

ECONOMIC DEVELOPMENT AUTHORITY[261](cont'd)

- c. A relocation or abandonment of the business or jobs created or retained through the project.
- d. Expenditure of funds for purposes not described in the application or authorized in the agreement.
- e. Failure of the recipient to make timely payments under the terms of the agreement, note or other obligation.
- f. Failure of the recipient to fulfill its job obligations.
- g. Failure of the recipient to comply with wage or benefit packages.
- h. Failure of the recipient to perform or comply with the terms and conditions of the contract.
- i. Failure of the recipient to comply with any applicable state rules or regulations.
- j. Failure of the recipient to file the required annual report.
- k. Failure of the recipient to comply with any other provision of the agreement required pursuant to Iowa Code section 15.330 or 15.330A.

ITEM 13. Amend subrule 187.5(4) as follows:

~~187.5(4) Authority actions upon default—tax credit programs. Collection efforts for tax credit programs are handled by the local community that approved the local tax incentive and the Iowa department of revenue, the state agency responsible for the state tax incentives. If the authority determines that an event of default has occurred under the contract and that state tax incentives are required to be repaid, the eligible business and the department of revenue will both be notified of the event of default and of the required repayment amount. If the contract provided for local tax incentives, the community where the project is located will also be notified of the default. In the case of state tax incentives, the department of revenue will undertake collection efforts. In the case of local tax incentives, the local community will undertake collection efforts.~~

a. *Repayment.* If an eligible business or eligible housing business has received incentives or assistance under the EZ program or the HQJP and fails to meet and maintain any one of the requirements of the program or applicable rules, the business is subject to repayment of all or a portion of the incentives and assistance that it has received. If the business is an entity that has elected pass-through taxation status for income tax purposes, the department of revenue may undertake collection efforts against members, individuals, or shareholders to whom the tax incentives were passed through.

b. *Calculation of repayment due for a business.* If the authority, in consultation with the city or county, determines that a business has failed in any year to meet any one of the requirements of the tax credit program, the business is subject to repayment of all or a portion of the amount of the incentives received.

(1) Job creation shortfall. If a business does not meet its job creation requirement or fails to maintain the required number of jobs, the repayment amount shall be calculated as follows: the same proportion as the amount of the shortfall in created jobs. For example, if the business creates 50 percent of the jobs required, the business shall repay 50 percent of the incentives received.

1. ~~If the business has met 50 percent or less of the requirement, the business shall pay the same percentage in benefits as the business failed to create in jobs.~~

2. ~~If the business has met more than 50 percent but not more than 75 percent of the requirement, the business shall pay one-half of the percentage in benefits as the business failed to create in jobs.~~

3. ~~If the business has met more than 75 percent but not more than 90 percent of the requirement, the business shall pay one-quarter of the percentage in benefits as the business failed to create in jobs.~~

4. ~~If the business has not met the minimum job creation requirements for the tax credit program, the business shall repay all of the incentives and assistance that it has received.~~

(2) ~~Wages and benefits.~~ If a business fails to comply with the wage or benefit requirements for the tax credit program, ~~the business shall not receive incentives or assistance for each year during which the business is not in compliance.~~

(3) (2) Capital investment shortfall. If a business does not meet the capital investment requirement, the repayment amount shall be calculated as follows: the same proportion as the amount of the shortfall in required capital investment. For example, if the business meets 75 percent of the amount

ECONOMIC DEVELOPMENT AUTHORITY[261](cont'd)

of required capital investment, the business shall repay 25 percent of the amount of the incentives received.

1. ~~If the business has met 50 percent or less of the requirement, the business shall pay the same percentage in benefits as the business failed to invest.~~

2. ~~If the business has met more than 50 percent but not more than 75 percent of the requirement, the business shall pay one-half of the percentage in benefits as the business failed to invest.~~

3. ~~If the business has met more than 75 percent but not more than 90 percent of the requirement, the business shall pay one-quarter of the percentage in benefits as the business failed to invest.~~

4. ~~If the business has not met the minimum investment requirement for the tax credit program, the business shall repay all of the incentives and assistance that it has received.~~

(3) Job creation and capital investment shortfalls. If a business has a shortfall in both capital investment and job creation requirements, the repayment amount shall be the same proportion as the greater of the two shortfalls. For example, if a business creates 50 percent of the required jobs and meets 75 percent of the required capital investment, the business shall be required to repay 50 percent of the amount of the incentives received.

(4) Wages and benefits. Notwithstanding any other provision in this subrule, if a business fails to comply with the wage and benefit requirements of the contract, the business shall be required to repay all of the incentives received during the year in which the business was not in compliance with the wage and benefit requirements of the contract.

(5) Minimum eligibility. Notwithstanding any other provision in this subrule, if a program requires a minimum amount of job creation or capital investment in order to qualify for the program and a business fails to meet such minimum eligibility, the business shall repay all of the incentives received.

(6) Definitions. For purposes of this subrule, "incentives received" includes both amounts claimed from the department of revenue or the local community and any future incentives that remain unclaimed as of the date of default. "Capital investment" means the qualifying investment or investment qualifying for tax credits, as specified in the required contract.

c. Department of revenue; county/city recovery. Once it has been established, through the business's annual certification, monitoring, audit or otherwise, that the business is required to repay all or a portion of the incentives received, the department of revenue and the city or county, as appropriate, shall collect the amount owed. The city or county, as applicable, shall have the authority to take action to recover the value of taxes not collected as a result of the exemption provided by the community to the business. The department of revenue shall have the authority to recover the value of state taxes or incentives provided under the program pursuant to Iowa Code section 15E.193A 15.330 or 15E.196. ~~The value of state incentives provided under Iowa Code section 15E.193A or 15E.196 includes the program shall include all~~ applicable interest and penalties.

d. Layoffs or closures. If an eligible business experiences a layoff within the state or closes any of its facilities within the state prior to receiving the incentives and assistance, the authority may reduce or eliminate all or a portion of the incentives and assistance. If a business experiences a layoff within the state or closes any of its facilities within the state after receiving the incentives and assistance, the business shall be subject to repayment of all or a portion of the incentives and assistance that it has received.

e. Extensions. If an eligible business or eligible housing business fails to meet its requirements under the Act, these rules, or the agreement described in rule 261—187.2(15), the authority, in consultation with the city or county, may elect to grant the business a one-year extension period to meet the requirements.

ITEM 14. Adopt the following **new** rule 261—187.6(15):

261—187.6(15) Compliance cost fees. An eligible business that executes a contract required pursuant to this chapter is subject to the imposition of certain compliance cost fees as provided in this rule.

187.6(1) One-time fee for closing costs. After execution of the contract and prior to the issuance of a tax incentive certificate or the disbursement of financial assistance, an eligible business shall remit to the authority a one-time compliance cost fee in the amount of \$500.

ECONOMIC DEVELOPMENT AUTHORITY[261](cont'd)

187.6(2) Ongoing fees based on claims. For each contract with an aggregate tax incentive value of \$100,000 or greater, the business shall remit a compliance cost fee equal to one-half of 1 percent of the value of the tax incentives claimed pursuant to the agreement. The fee required pursuant to this subrule shall be due and payable upon the filing of the business's annual tax return for each tax year in which the business claims incentives under the required contract. The authority will coordinate with the department of revenue to determine which businesses claim incentive benefits each year and will invoice each business accordingly. The requirement to pay the fee required under this subrule shall continue for the duration of the applicable carryforward period of the tax incentives notwithstanding the duration of the other contract requirements.

187.6(3) Applicability. This rule applies to contracts entered into under the high quality jobs program and the enterprise zone program.

ITEM 15. Amend **261—Chapter 187**, implementation sentence, as follows:

These rules are intended to implement Iowa Code chapters 15 and 15E and ~~2011 Iowa Code Supplement chapter 15G, subchapter I.~~

ITEM 16. Rescind and reserve **261—Chapter 410**.

[Filed 7/22/14, effective 9/24/14]

[Published 8/20/14]

EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 8/20/14.

ARC 1577C

ENGINEERING AND LAND SURVEYING EXAMINING BOARD[193C]

Adopted and Filed

Pursuant to the authority of Iowa Code section 542B.6, the Engineering and Land Surveying Examining Board amends Chapter 8, "Professional Conduct of Licensees," Iowa Administrative Code.

The amendment to Chapter 8 clarifies the rules on unethical or illegal conduct.

Notice of Intended Action for this amendment was published in the April 30, 2014, Iowa Administrative Bulletin as **ARC 1441C**. A public hearing was held on May 22, 2014, at the offices of the Professional Licensing Bureau, 200 E. Grand, Suite 350, Des Moines, Iowa. No comments were received. This amendment is identical to that published under Notice.

This amendment was adopted by the Board on July 17, 2014.

This amendment is subject to waiver or variance pursuant to 193—Chapter 5.

There is no fiscal impact. No current fees are being changed and no new fees are being imposed.

After analysis and review of this rule making, no adverse impact on jobs has been found. Although there should be no impact on jobs, the Board will continue to work with stakeholders to minimize any negative impact and maximize any positive impact toward jobs.

This amendment is intended to implement Iowa Code section 542B.21.

This amendment will be effective September 24, 2014.

The following amendment is adopted.

Amend paragraph **8.2(6)“a”** as follows:

a. Business practices. The following guidelines regarding unethical or illegal business practices shall apply:

(1) to (3) No change.

(4) Licensees shall not solicit or accept an engineering or land surveying contract from a governmental body when a principal or officer of the licensee's organization serves as an elected, appointed, voting or nonvoting member of the same governmental body which is letting the contract. For purposes of this subparagraph, "governmental body" means a board, council, commission, or similar multimembered body. A licensee would not violate this provision, however, if the principal or

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officer of the licensee's organization who serves as a member of the governmental body plays no role in the solicitation or acceptance of the contract, and the contract would be legally permissible under applicable Iowa law, including but not limited to Iowa Code sections 68B.3, 279.7A, 331.342, and 362.5.

(5) and (6) No change.

~~(7) When a licensee's organization or a principal, officer, other member, or employee of the licensee's organization has review authority over the engineering or land surveying projects performed by private contractors within the jurisdiction of a governmental body, the licensee shall not solicit or accept a private engineering or land surveying contract that falls under the review services performed for that governmental body. The purpose of this paragraph is to avoid a circumstance in which a licensee may be called upon to review on behalf of a governmental body the engineering or land surveying services performed by the licensee's own organization.~~

~~However, if the licensee exercising review authority does so as a member of a multimembered body with review authority, the conflict of interest may be addressed by the disqualification or recusal of the licensee when engineering or land surveying services of the licensee's organization are under review. In that circumstance, the solicitation or acceptance of a private engineering or land surveying contract by the licensee's organization would not be in violation of this rule.~~

[Filed 7/28/14, effective 9/24/14]

[Published 8/20/14]

EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 8/20/14.

ARC 1576C

PHARMACY BOARD[657]

Adopted and Filed

Pursuant to the authority of Iowa Code section 147.76, the Board of Pharmacy hereby amends Chapter 8, "Universal Practice Standards," Iowa Administrative Code.

The amendment requires that a pharmacist perform a final verification for the accuracy, validity, completeness, and appropriateness of a patient's prescription or medication order prior to delivery to the patient or patient's representative, that the verification be documented, and that the documented record be maintained by the pharmacy.

Requests for waiver or variance of the discretionary provisions of these rules will be considered pursuant to 657—Chapter 34.

Notice of Intended Action was published in the April 2, 2014, Iowa Administrative Bulletin as **ARC 1411C**. The Board received no written comments regarding the proposed amendment. The adopted amendment is identical to that published under Notice.

The amendment was approved during the July 2, 2014, meeting of the Board of Pharmacy.

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

This amendment is intended to implement Iowa Code sections 126.11, 155A.13, 155A.15, 155A.27 to 155A.29, 155A.33, and 155A.35.

This amendment will become effective on September 24, 2014.

The following amendment is adopted.

Amend subrule 8.3(3) as follows:

8.3(3) Pharmacist-documented verification. The pharmacist shall provide, ~~and document, and retain~~ a record of the final verification for the accuracy, validity, completeness, and appropriateness of the

PHARMACY BOARD[657](cont'd)

patient's prescription or medication order prior to the delivery of the medication to the patient or the patient's representative.

[Filed 7/24/14, effective 9/24/14]

[Published 8/20/14]

EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 8/20/14.

ARC 1575C

PHARMACY BOARD[657]

Adopted and Filed

Pursuant to the authority of Iowa Code sections 124.301 and 147.76, the Board of Pharmacy hereby amends Chapter 10, "Controlled Substances," Iowa Administrative Code.

The amendments provide pharmacies with flexibility in the date on which the required annual inventory of controlled substances may be completed and clarify when a controlled substances inventory must be completed upon a change of ownership of a pharmacy. The amendments also amend the implementation clause at the end of the chapter to remove references to sections of the Iowa Code that have been repealed.

Requests for waiver or variance of the discretionary provisions of these rules will be considered pursuant to 657—Chapter 34.

Notice of Intended Action was published in the April 2, 2014, Iowa Administrative Bulletin as **ARC 1407C**. The Board received one written comment regarding the proposed amendments. The commenter suggested that the Board authorize that the annual inventory may be completed any time before the last day of the month in which the prior inventory was completed. The Board determined that such a provision would not provide the flexibility that the amendment in Item 1 is intended to address. Following discussion at the Board meeting on July 2, 2014, the Board approved a change in Item 1 to authorize the timing of the annual inventory for any date within one year and up to seven days after the date of the previous inventory.

The amendments were approved during the July 2, 2014, meeting of the Board of Pharmacy.

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

These amendments are intended to implement Iowa Code sections 124.301, 124.306, and 155A.13.

These amendments will become effective on September 24, 2014.

The following amendments are adopted.

ITEM 1. Amend subrule 10.35(3) as follows:

10.35(3) Annual inventory. After the initial inventory is taken, a registrant shall take a new inventory of all stocks of controlled substances on hand at least annually. The annual inventory may be taken on any date that is within one year or seven days after the date of the previous annual inventory date.

ITEM 2. Amend subrule 10.35(4) as follows:

10.35(4) Change of ownership. Both the current owner and the prospective owner shall be responsible for ensuring that an inventory of all controlled substances is timely completed whenever there is a change of ownership of any pharmacy or drug wholesaler licensed pursuant to Iowa Code section 155A.13 or 155A.17, respectively. The inventory shall be taken following the close of business the last day under terminating ownership and prior to opening for business the first day under the new ownership. The inventory shall serve as the ending inventory for the terminating owner as well as a record of beginning inventory for the new owner.

PHARMACY BOARD[657](cont'd)

ITEM 3. Amend **657—Chapter 10**, implementation sentence, as follows:

These rules are intended to implement Iowa Code sections 124.201, 124.301 to 124.308, 124.402, 124.403, 124.501, 126.2, 126.11, 147.88, ~~147.95, 147.99~~, 155A.13, 155A.17, 155A.26, 155A.37, and 205.3.

[Filed 7/24/14, effective 9/24/14]

[Published 8/20/14]

EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 8/20/14.

ARC 1583C

PUBLIC EMPLOYMENT RELATIONS BOARD[621]

Adopted and Filed

Pursuant to the authority of Iowa Code section 20.6(5) and section 20.24 as amended by 2014 Iowa Acts, House File 2172 (effective July 1, 2014), the Public Employment Relations Board hereby amends Chapter 1, "General Provisions," Chapter 2, "General Practice and Hearing Procedures," Chapter 3, "Prohibited Practice Complaints," Chapter 6, "Negotiations and Negotiability Disputes," Chapter 7, "Impasse Procedures," Chapter 9, "Administrative Remedies," Chapter 10, "Declaratory Orders," and Chapter 11, "State Employee Appeals of Grievance Decisions and Disciplinary Actions," and adopts new Chapter 16, "Electronic Document Management System," Iowa Administrative Code.

New Chapter 16 (Item 13) contains rules that govern the use of the electronic filing and notice system which 2014 Iowa Acts, House File 2172, directed the Board to establish and that are modeled in substantial part on the Iowa Court Rules pertaining to the use of the judicial branch electronic document management system. Items 1 through 12 consist of conforming, clarifying and related amendments to existing rules where references to the electronic filing system, the provisions of new Chapter 16 or related supplemental or clarifying provisions are necessary or appropriate.

Notice of Intended Action was published in the Iowa Administrative Bulletin as **ARC 1507C** on June 25, 2014, with written or oral comment, or requests for a public hearing, accepted through July 15, 2014. No request for public hearing was received, although written questions, comments and suggestions were received and reviewed and prompted clarifying changes to the proposed amendments published under Notice of Intended Action. Specifically, the Board added a definition of "agency" and eliminated an unnecessary definition of "jurisdictional deadline," added clarification concerning the obligations of a person filing documents through the electronic filing system concerning the redaction of protected or confidential information from a document or the certification of the confidential nature of an entire document, and incorporated nonsubstantive language, style and punctuation changes.

Neither new Chapter 16 nor the amendments to existing rules provide for a waiver of their terms, but are instead subject to the Board's general waiver provisions found at rule 621—1.9(17A,20).

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

These amendments are intended to implement Iowa Code section 20.24 as amended by 2014 Iowa Acts, House File 2172.

These amendments will become effective September 24, 2014.

The following amendments are adopted.

ITEM 1. Adopt the following **new** subrules 1.6(8) to 1.6(11):

1.6(8) "*Adjudicatory proceeding*" means a contested case, a proceeding that may culminate in a contested case, a petition for declaratory order, a petition for expedited resolution of a negotiability dispute, or any other proceeding which may require the board or its designee to issue a decision, order, or ruling.

1.6(9) "*Agency*" as used in these rules means the public employment relations board and the board's employees.

1.6(10) "*Confidential information*" means information excluded from public access by federal or state law or administrative rule, court rule, court or administrative order, or case law.

PUBLIC EMPLOYMENT RELATIONS BOARD[621](cont'd)

1.6(11) “*Protected information*” means personal information, the nature of which warrants protection from unlimited public access, including:

- a. Social security numbers.
- b. Financial account numbers.
- c. Dates of birth.
- d. Names of minor children.
- e. Individual taxpayer identification numbers.
- f. Personal identification numbers.
- g. Other unique identifying numbers.

ITEM 2. Adopt the following **new** rule 621—1.10(20):

621—1.10(20) Agency record and files.

1.10(1) *Agency record.* The official agency record for all adjudicatory proceedings includes the following:

- a. Electronic files maintained in the agency’s electronic document management system;
 - b. Paper documents maintained by the agency in paper form when permitted by the board’s order;
- and
- c. Exhibits and other materials filed with or delivered to and maintained by the agency as part of the case file.

1.10(2) *Paper case files.* Except as otherwise provided in the agency’s rules or directed by the board, the agency will not maintain paper case files in adjudicatory proceedings filed on or after January 1, 2015.

ITEM 3. Amend subrule 2.12(1) as follows:

2.12(1) *Attendance of witnesses.* The board, an administrative law judge, or an arbitrator selected pursuant to Iowa Code section 20.22 shall issue subpoenas to compel the attendance of witnesses and the production of relevant records upon written application of any party filed with the ~~presiding officer~~ agency prior to the hearing ~~or oral motion at the hearing.~~ The party requesting subpoenas shall serve the subpoenas and notify the presiding officer in writing prior to hearing, or orally at the time of hearing, of application shall specify the names and addresses of the witnesses or the person or party having possession of the requested documents and shall list with specificity the records or other items sought. The requested subpoenas may be provided electronically to a registered user of the electronic document management system. ~~Where a~~ A motion to quash a subpoena may be filed, and when the subpoena has been served more than seven days prior to the hearing, a party may move to quash the subpoena the motion shall be filed not less than three days prior to the hearing. ~~Subpoenas for production of records shall list with specificity the items sought for production and the name and address of the person or party having possession or control thereof. A written motion to quash subpoenas may be filed with the presiding officer issuing the subpoenas, and the moving party shall serve copies upon all parties of record.~~

ITEM 4. Amend rule 621—2.13(20) as follows:

621—2.13(20) Form of documents and treatment of confidential or protected information.

2.13(1) *Form.* All documents, ~~other than forms provided by the board,~~ which relate to any proceeding before the ~~board~~ agency should be typewritten and bear the docket number of the proceeding to which it relates. Such documents may be single- or double-spaced at the option of the submitting party.

2.13(2) *Confidential information.* When a party files any document which contains material or a reproduction, quotation, or extensive paraphrase of confidential information as defined by 621—subrule 1.6(10), it is the responsibility of the filer to ensure that confidential information is omitted or redacted, or to certify the confidential nature of the document in the manner provided by the electronic document management system. If a document is certified as confidential, omission or redaction of the confidential information contained in the document is not required. The agency will not review filings to determine whether appropriate omissions or redactions have been made.

PUBLIC EMPLOYMENT RELATIONS BOARD[621](cont'd)

2.13(3) Protected information. When a party files any document which contains protected information as defined by 621—subrule 1.6(11), it is the responsibility of the filer to ensure that the protected information is omitted or redacted from the document before the document is filed unless the protected information is required by statute or rule to be included or is material to the proceeding. The agency will not review filings to determine whether appropriate omissions or redactions have been made.

ITEM 5. Amend rule 621—2.15(20) as follows:

621—2.15(20) Service of pleadings and other papers.

2.15(1) Service—upon whom made. Whenever under these rules nonelectronic service is required or permitted to be made upon a person or party, such service shall be as follows:

- a. Upon any city, or board, commission, council or agency thereof, by serving the mayor or city clerk.
- b. Upon any county, or office, board, commission or agency thereof, by serving the county auditor or the chairperson of the county board of supervisors.
- c. Upon any school district, school township, or school corporation, by serving the presiding officer or secretary of its governing body.
- d. Upon the state of Iowa, or board, commission, council, office or agency thereof, by serving the governor or the director of ~~personnel~~ the department of administrative services.
- e. Upon the state judicial department, by serving the state court administrator.
- f. Upon any other governing body, by serving its presiding officer, clerk or secretary.
- g. Upon an employee organization, by serving the person designated by the employee organization to receive service pursuant to 621—subrule 8.2(2); or, by service upon the president or secretary of the employee organization.
- h. Upon any other person, by serving that person or that person's attorney of record.

2.15(2) Service—how made. Except as provided in rules 621—3.4(20) and 621—5.7(20) and subrule 2.12(3) and 621—subrule 4.2(2), whenever nonelectronic service of any document is permitted or required by these rules, ~~require service upon any person or party~~ the service shall be sufficient if made by ordinary mail. If the document served is an initial filing in a proceeding, the serving party shall also serve with the document an agency-approved information sheet regarding mandatory electronic filing.

2.15(3) Proof of service. Where personal service or service is by restricted certified or ordinary mail or personal service is permitted or required by these rules, the serving party shall ~~forward file the return receipt or return of personal service to or certified mail return receipt with the board for filing agency.~~ Where service by ordinary mail is permitted under these rules, the serving party shall include the following or a substantially similar certificate on the original document filed with the ~~board~~ agency:

“I hereby certify that on _____ I sent a copy of the foregoing matter to
(date)

the following parties of record or their representatives at the addresses indicated, by depositing same in a United States mail receptacle with sufficient postage affixed.

(Signed) _____”

(party or representative)

Unless excepted by 621—subrule 16.4(2), proof of service shall be filed electronically in accordance with 621—Chapter 16.

ITEM 6. Amend rule 621—2.18(20) as follows:

621—2.18(20) Delivery of decisions and orders. Decisions and orders of the board or administrative law judge shall be ~~delivered to the parties by ordinary mail~~ filed and served in accordance with 621—Chapter 16.

PUBLIC EMPLOYMENT RELATIONS BOARD[621](cont'd)

ITEM 7. Amend rule 621—3.4(20) as follows:

621—3.4(20) Service of complaint. The complainant shall, within a reasonable time following the filing of a complaint, serve the respondent(s) with a copy of the complaint in the manner of an original notice or by ~~restricted~~ certified mail, return receipt requested. Such service shall be upon the person designated for service by 621—subrule 2.15(1), and the complainant shall file proof thereof with the ~~board~~ agency in accordance with 621—subrules 2.15(3) and 16.10(1).

ITEM 8. Amend subrule 6.3(2) as follows:

6.3(2) Expedited resolution. In the event that a negotiability dispute arises between the employer and the certified employee organization, either party may petition the ~~board~~ agency for expedited resolution of the dispute. The petition shall set forth the material facts of the dispute, and the precise question of negotiability submitted for resolution, and certificate of service upon the other party. ~~The petitioner shall promptly serve the other party with a copy of the petition and file proof thereof with the agency in accordance with 621—subrules 2.15(3) and 16.10(1).~~ Unless the dispute is resolved ~~by the board~~ prior to the arbitration hearing, the parties shall present evidence on all items to the arbitrator, including the item which is the subject of the negotiability dispute. A negotiability dispute raised at the arbitration hearing shall be upon written objection to the submission of the proposal to the arbitrator. The objection shall request the arbitrator to seek a negotiability ruling from the ~~board~~ agency regarding the proposal or state that the objecting party will file a petition for resolution of the dispute ~~with the board~~, which petition shall be filed within five days of the making of the objection. Arbitrators shall rule on all items submitted to them including the item which is the subject of the negotiability dispute, unless explicitly stayed by the board. Arbitration awards issued prior to the final determination of the negotiability dispute will be contingent upon that determination.

ITEM 9. Amend subrule 7.6(1) as follows:

7.6(1) Objections. Any objection by a party to mediation or the conduct of arbitration proceedings which will not be completed by the applicable deadline for completion of impasse procedures shall be filed with the ~~board and served upon the other party~~ agency in accordance with rule 621—16.4(20). ~~Such filing and service shall take place~~ The objecting party shall promptly serve the other party with a copy of the objection and file proof thereof with the agency in accordance with 621—subrules 2.15(3) and 16.10(1). The objection shall be filed and served no later than 10 days after the filing with the ~~board~~ agency of the request for mediation or arbitration to which the objection refers. For purposes of this rule, a single-party request for mediation which is filed more than 120 days prior to the applicable deadline for completion of impasse procedures or a request for arbitration which is filed prior to the filing period specified in subrule 7.5(1) shall be deemed filed on the first day of that filing period. Failure to file an objection in a timely manner may constitute waiver of such objection, in which case the applicable deadline for completion of impasse procedures shall not apply.

ITEM 10. Amend subrule 9.2(1) as follows:

9.2(1) Notice of appeal. An appeal to the board from a proposed decision of an administrative law judge in a contested case proceeding shall be commenced within 20 days of the filing of the proposed decision by filing a written notice of appeal with the ~~board~~ agency in accordance with rule 621—16.4(20). ~~The appealing party shall serve a copy of the notice upon all opposing parties as provided in rule 621—2.15(20), or by ordinary mail upon the parties' attorneys of record promptly serve all other parties with a copy of the notice and file proof thereof with the agency in accordance with rule 621—16.10(20).~~

ITEM 11. Amend subrule 10.2(9) as follows:

10.2(9) A certificate of service of the petition upon any persons or entities required to be served with a copy by rule 621—10.7(17A,20). Service of the petition and proof thereof shall be in accordance with 621—subrules 2.15(3) and 16.10(1).

PUBLIC EMPLOYMENT RELATIONS BOARD[621](cont'd)

ITEM 12. Rescind subrule **11.4(3)**.

ITEM 13. Adopt the following new 621—Chapter 16:

CHAPTER 16
ELECTRONIC DOCUMENT MANAGEMENT SYSTEM

621—16.1(20) Effective date and scope. This chapter governs the filing of all documents in adjudicatory proceedings before the agency that are filed on or after September 24, 2014. This chapter also governs the filing of all documents in adjudicatory proceedings converted to electronic proceedings upon the board's order. To the extent the rules in this chapter are inconsistent with any other administrative rule of the board, the rules in this chapter shall govern.

621—16.2(20) Definitions.

“Electronic filing” means the electronic transmission of a document to the electronic document management system together with the production and transmission of a notice of electronic filing.

“Electronic record” means a record, file, or document created, generated, sent, communicated, received, or stored by electronic means.

“Electronic service” means the electronic transmission of a link where the registered users who are entitled to receive notice of the filing may view and download filed documents.

“Nonelectronic filing” means a process by which a paper document or other nonelectronic item is filed with the agency.

“Notice of electronic filing” means a document generated by the electronic document management system when a document is electronically filed.

“PDF” means an electronic document filed in a portable document format which is readable by the free Adobe® Acrobat® Reader.

“Public access terminal” means a computer located at the agency's office where the public may view, print, and electronically file documents.

“Registered user” means an individual who can electronically file documents and electronically view and download files through the use of a username and password.

“Remote access” means a registered user's ability to electronically search, view, copy, or download electronic documents in an electronic record without the need to physically visit the agency's office.

“Signature” means a registered user's username and password accompanied by one of the following:

1. *“Digitized signature”* means an embeddable image of a person's handwritten signature;
2. *“Electronic signature”* means an electronic symbol (“/s/” or “/registered user's name/”) executed or adopted by a person with the intent to sign; or
3. *“Nonelectronic signature”* means a handwritten signature applied to an original document that is then scanned and electronically filed.

621—16.3(20) Registration, username, and passwords.

16.3(1) Registration.

a. *Registration required.* Every individual filing documents or viewing or downloading documents filed in an adjudicatory proceeding must register as a registered user of the electronic document management system.

b. *How to register.* To register, the individual must complete the registration process located at <https://perb.iowa.gov/efiling> and obtain a username and password for the electronic document management system.

c. *Registration complete.* When the registration process is completed, the registered user will be assigned a username and password and the registered user may utilize the electronic document management system.

d. *Changing passwords.* Once registered, the user may change the user's password. If the registered user believes the security of an existing password has been compromised, the registered user must change the password immediately. The agency may require password changes periodically.

PUBLIC EMPLOYMENT RELATIONS BOARD[621](cont'd)

e. Changes in registered user's contact information. If a registered user's e-mail address, mailing address, or telephone number changes, the user must promptly make the necessary changes to the registered user's information contained in the electronic document management system. The registered user shall promptly give notice of changes in contact information to any nonregistered party in every active proceeding in which the registered user is a party.

f. Duties of registered user. Each registered user shall ensure that the user's e-mail account information is current, that the account is monitored regularly, and that e-mail notices sent to the account are timely opened.

g. Canceling registration. Withdrawal from participation in the electronic document management system cancels the registered user's profile but does not authorize nonelectronic filing of documents and is not a withdrawal from a proceeding.

16.3(2) Use of username and password. A registered user is responsible for all documents filed with the user's username and password unless proven by clear and convincing evidence that the registered user did not make or authorize the filing.

16.3(3) Username and password security. If a username or password is lost, misappropriated, misused, or compromised, the registered user of that username/password shall notify the agency promptly.

16.3(4) Denial of access. The agency may refuse to allow an individual to electronically file or download information in the electronic document management system due to misuse, fraud or other good cause.

621—16.4(20) Mandatory electronic filing and exceptions.

16.4(1) Electronic filing mandatory. Unless otherwise required or authorized by these rules, all documents in adjudicatory proceedings commenced on or after January 1, 2015, must be filed using the agency's electronic document management system.

16.4(2) Exceptions.

a. A show of interest submitted in a representative certification, combined bargaining unit determination or reconsideration/representative certification, or decertification proceeding shall not be filed electronically.

b. Any item that is not capable of being filed in an electronic format shall be filed in a nonelectronic format.

c. Upon a showing of exceptional circumstances that it is not feasible for an individual to file documents by electronic means, the board may excuse the individual from electronic filing in a particular proceeding.

d. All filings in proceedings initially filed prior to January 1, 2015, unless converted to an electronic proceeding by board order shall not be filed electronically.

16.4(3) What constitutes filing. The electronic transmission of a document to the electronic document management system consistent with the procedures specified in these rules, together with the production and transmission of a notice of electronic filing, constitutes filing of the document.

16.4(4) Electronic file stamp. Electronic documents are officially filed when affixed with an electronic file stamp. Filings so endorsed shall have the same force and effect as documents time-stamped in a nonelectronic manner.

16.4(5) E-mail or fax. E-mailing or faxing a document to the agency will not generate a notice of electronic filing and does not constitute electronic filing of the document unless otherwise ordered by the agency.

16.4(6) Public access terminal. At least one public access terminal shall be maintained at the agency's office.

621—16.5(20) Filing of paper documents.

16.5(1) Conversion of paper documents filed. If the board allows a party to file paper documents in accordance with paragraph 16.4(2) "c," the agency will convert the filed documents to an electronic format viewable to registered users of the electronic document management system.

PUBLIC EMPLOYMENT RELATIONS BOARD[621](cont'd)

16.5(2) Form of paper documents. Each document must be printed on only one side and be delivered to the agency with no tabs, staples, or permanent clips, but may be organized with paperclips, clamps, or some other type of temporary fastener or may be delivered to the agency in an appropriate file folder.

16.5(3) Return of copies by mail. If a party wants a document filed in paper form to be returned by mail, the party must deliver to the agency a self-addressed envelope, with proper postage, large enough to accommodate the returned document.

621—16.6(20) Date and time of filing.

16.6(1) Date of filing. An electronic filing may be made any day of the week, including holidays and weekends, and any time of the day the electronic document management system is available.

16.6(2) Time of filing. A document is timely filed if it is filed before midnight on the date the filing is due.

621—16.7(20) Signatures.

16.7(1) Registered user. A username and password accompanied by a digitized, electronic, or nonelectronic signature serve as the registered user's signature on all electronically filed documents.

16.7(2) Documents requiring oaths, affirmations or verifications. Any document filed requiring a signature under oath or affirmation or with verification may be signed electronically or nonelectronically but shall be filed electronically.

16.7(3) Format. Any filing requiring a signature must be signed, with either a nonelectronic signature (actual signature scanned), an electronic signature (the symbol “/s/” or “/registered user's name/”), or a digitized signature (an inserted image of a handwritten signature). The following information about the person shall be included under the person's signature:

- a. Name;
- b. Name of firm, certified employee organization, or governmental agency;
- c. Mailing address;
- d. Telephone number; and
- e. E-mail address.

16.7(4) Multiple signatures. By filing a document containing multiple signatures, the registered user confirms that the content of the document is acceptable to all persons signing the document and that all such persons consent to having their signatures appear on the document.

621—16.8(20) Format and redaction of electronic documents. All documents must be converted to a PDF format before they are filed in the electronic document management system. Prior to filing any document, the registered user shall ensure that the document is certified as confidential or the confidential information is omitted or redacted in accordance with 621—subrule 2.13(2), and that protected information is omitted or redacted in accordance with 621—subrule 2.13(3).

621—16.9(20) Exhibits and other attachments. Any attachments to a filing, such as an exhibit, shall be uploaded and electronically attached to the filing.

621—16.10(20) Service.

16.10(1) Initial filing. An initial filing in a proceeding shall be served upon other parties nonelectronically in the manner specified in rule 621—2.15(20). The document being served must be accompanied by an agency-approved information sheet regarding mandatory electronic filing. Unless exempted by subrule 16.4(2), proof of service of the initial filing shall be electronically filed.

16.10(2) Subsequent filings. All subsequent filings shall be electronically served via the electronic document management system, unless a party to the proceeding is exempted from electronically filing documents by subrule 16.4(2). If a party is so exempted, all documents filed by all parties to the proceeding shall be served in accordance with rule 621—2.15(20).

16.10(3) Proof of service of nonelectronic filings.

- a. Parties filing pursuant to paragraph 16.4(2) “b” shall file a proof of service electronically.

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b. Parties filing pursuant to the exceptional circumstances provision in paragraph 16.4(2) “c” must attach a nonelectronic proof of service to the filing.

c. Parties to a proceeding initially filed prior to January 1, 2015, must attach a nonelectronic proof of service to their nonelectronic filings.

16.10(4) *Electronic service and distribution of electronic filings.*

a. When a document is electronically filed, it will be served through the electronic document management system to all parties to the adjudicatory proceeding who are registered users. No other service is required unless ordered by the agency.

b. Notices of electronic filing will continue to be sent to registered users appearing or intervening in a proceeding until they have filed a withdrawal of appearance.

16.10(5) *Agency-generated documents.*

a. *Electronic filing and service.* All agency-generated documents issued in adjudicatory proceedings governed by this chapter shall be electronically filed and served.

b. *Paper copies.* The agency shall not mail paper copies of any documents absent approval by the board.

621—16.11(20) Discovery. Parties shall file a notice with the agency when a notice of deposition or a discovery request or response is served on another party. The notice filed with the agency shall include the date, manner of service, and the names and addresses of the persons served. Other discovery materials shall not be filed unless ordered by the presiding officer.

621—16.12(20) Transcripts, briefs and exhibits.

16.12(1) *Transcripts.* If a hearing or oral argument is transcribed, the transcript shall be made available to registered users electronically after final agency action.

16.12(2) *Briefs.* Briefs and memoranda shall be electronically filed.

16.12(3) *Exhibits.* A party’s exhibits admitted into evidence at a hearing shall be electronically filed by the party not later than the date ordered by the presiding officer or board.

These rules are intended to implement Iowa Code section 20.24 as amended by 2014 Iowa Acts, House File 2172.

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