Regulatory Analysis

Notice of Intended Action to be published: Iowa Administrative Code 561—Chapter 15
"Revocation, Suspension, and Nonrenewal of License for Failure to Pay State Liabilities"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 272D.8
State or federal law(s) implemented by the rulemaking: Iowa Code chapter 272D

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows. Please contact Kelli Book at kelli.book@dnr.iowa.gov for sign-in information.

September 24, 2024 1 p.m.	Via video/conference call

Public Comment

Any interested person may submit written comments concerning this Regulatory Analysis. Written comments in response to this Regulatory Analysis must be received by the Department of Natural Resources no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

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Des Moines, Iowa 50321
Email: tamara.mcintosh@dnr.iowa.gov

Purpose and Summary

Proposed Chapter 15 sets forth the rules on collecting debts owed to the state from persons who have licenses with the Department. This chapter is procedural in nature and required by law. It describes how the Department will pass along the Iowa Department of Revenue's notice of an outstanding state liability obligation and associated certificate of noncompliance and how the certificate can be challenged.

The Department has reviewed Chapter 15 consistent with Executive Order 10 (January 10, 2023) and removed redundant statutory language and other outdated provisions.

Analysis of Impact

1. Persons affected by the proposed rulemaking:

- Classes of persons that will bear the costs of the proposed rulemaking:

Licensees with an outstanding state debt will bear the costs.

- Classes of persons that will benefit from the proposed rulemaking:

Taxpayers, who will benefit from the state collecting all owed revenues.

2. Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:

- Quantitative description of impact:

Impacted persons will bear the costs of engaging with the Department of Revenue, and possibly challenging the action in court; however, these costs are the consequence of underlying state law, not the rulemaking.

- Qualitative description of impact:

Impacted persons will bear the costs of engaging with the Department of Revenue, and possibly challenging the action in court; however, these costs are the consequence of underlying state law, not the rulemaking.

3. Costs to the State:

- Implementation and enforcement costs borne by the agency or any other agency:

Nominal. Existing staff prepare letters to licensees after receiving a notice from the Department of Revenue; staff do this work along with other assigned duties. The Department is otherwise not involved in this process.

- Anticipated effect on state revenues:

Licensees who receive these notices tend to pay back the debt, which is beneficial to the state. However, those dollars do not come to the Department.

4. Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:

Not applicable. These rules are required by state law.

5. Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:

Not applicable. These rules are required by state law.

6. Alternative methods considered by the agency:

- Description of any alternative methods that were seriously considered by the agency:

Not applicable. These rules are required by state law.

- Reasons why alternative methods were rejected in favor of the proposed rulemaking:

Not applicable. These rules are required by state law.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

Not applicable. These rules are procedural in nature and required by state law and, furthermore, only apply to license holders who owe a debt to the state.

Text of Proposed Rulemaking

ITEM 1. Rescind 561—Chapter 15 and adopt the following **new** chapter in lieu thereof:

CHAPTER 15
REVOCATION, SUSPENSION, AND NONRENEWAL OF LICENSE
FOR FAILURE TO PAY STATE LIABILITIES

561—15.1(272D) Purpose and use. This chapter is intended to help collect liabilities of the state or a state agency from persons who have licenses with the department. This chapter shall apply to all licenses issued, renewed or otherwise authorized by the department.

561—15.2(272D) Definitions. For purposes of this chapter, the following definitions shall apply, in addition to those contained in Iowa Code section 272D.1:

"Collecting agency" means the centralized collection unit of the department of revenue.

"Department" means the department of natural resources.

"License" means a license, certification, registration, permit, approval, renewal or other similar authorization issued to a person by the department that evidences the admission to, or granting of authority to engage in, a profession, occupation, business, industry, or recreation, including those authorizations set out in Iowa Code chapters 321G, 321I, 455B, 455C, 455D, 456A, 459, 459A, 461A, 462A, 481A, 481B, 481C, 482, 483A, 484B and 484C.

"Notice of intent" means a notice sent to a licensee indicating the department's intent to suspend, revoke, or deny renewal or issuance of a license.

"Withdrawal of a certificate of noncompliance" means a document provided by the collecting agency certifying that the certificate of noncompliance is withdrawn and that the department may proceed with issuance, reinstatement, or renewal of a person's license.

561—15.3(272D) Requirements of the department.

15.3(1) *Records.*

a. The department shall collect and maintain records of its licensees consistent with Iowa Code section 272D.8.

b. The records shall be made available to the collecting agency so that the collecting agency may match to the records the names of persons with any liabilities placed with the collecting agency for collections. The records must be submitted in an electronic format and updated on a quarterly basis.

15.3(2) *Certificate of noncompliance.* Upon receipt of a certificate of noncompliance from the collecting agency, the department shall initiate rules and procedures for the suspension, revocation, or denial of issuance or renewal of a license to a person.

15.3(3) *Notice of intent.* The department shall provide to a person a notice of intent to suspend, revoke or deny issuance or renewal of the person's license in accordance with Iowa Code chapter 272D. The suspension, revocation, or denial shall be effective no sooner than 30 days following the issuance of the notice of intent to the person. The notice shall state all of the following:

a. That the department has received a certificate of noncompliance from the collecting agency and intends to suspend, revoke or deny issuance or renewal of a person's license;

b. That the person must contact the collecting agency to schedule a conference or to otherwise obtain a withdrawal of a certificate of noncompliance;

c. That the department will revoke, suspend or deny issuance or renewal of the person's license unless a withdrawal of a certificate of noncompliance is received from the collecting agency within 30 days from the date of the notice of intent;

d. That in the event the department's rules and procedures conflict with the additional rules and procedures under this chapter, the rules and procedures of this chapter shall apply;

e. That mistakes of fact in the amount of the liability owed and the person's identity may not be contested to the department; and

f. That the person may request a district court hearing as outlined in Iowa Code section 272D.9.

15.3(4) *Withdrawal.* Upon receipt of a withdrawal of a certificate of noncompliance from the collecting agency, the department shall immediately reinstate, renew, or issue a license if the person is otherwise in compliance with the department's requirements.

561—15.4(272D) No administrative appeal of the department's action; district court hearing. Pursuant to Iowa Code section 272D.8, a person does not have a right to a hearing before the department to contest the department's action under this chapter but may request a court hearing pursuant to Iowa Code section 272D.9.

These rules are intended to implement Iowa Code chapter 272D.