

MEMORANDUM

TO: Administrative Rules Review Committee
 FROM: Fiscal Services Division, Legislative Services Agency
 DATE: June 3, 2004
 RE: Fiscal Impact of Agency Administrative Rules

Section 17A.4(3) Iowa Code Supplement requires the Legislative Services Agency (LSA) to analyze the fiscal impact of all administrative rules with an impact of \$100,000 or more and provide a summary of the impact to the Administrative Rules Review Committee (ARRC). This memorandum provides an overview of the fiscal impact of the rules presented by the agencies for the June 7, 2004 ARRC meeting.

| <u>Rule</u> | <u>Rule Summary</u> | <u>Fiscal Impact Analysis</u> |
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| Administrative Services Department | | LSA Contact: Ron Robinson 1-6256 |
| ARC 3337B | Transfers accounting rules, which were formerly under the authority of the Department of Revenue and Finance, to the Department of Administrative Services. | No fiscal impact. |
| ARC 3338B | Consolidates uniform rules on contested cases by rescinding comparable rules of the former Departments of General Services, Personnel, and Information Technology that now comprise the Department of Administrative Services. | No fiscal impact. |
| ARC 3365B | Adopts accounting rules, which were formerly under the authority of the Department of Revenue and Finance, and to comply with HF 2262 (2004 Public Pensions Changes). HF 2262 reestablishes an optional payroll deduction for the purpose of purchasing insurance when at least five hundred State employees request the deduction from the same company for insurance that is not provided by the State and the company has entered into an agreement with the State delineating each party's rights and responsibilities. | Fiscal impact cannot be determined. |
| ARC 3370B | Updates and clarifies rules for parking on the Capitol Complex for persons with disabilities, visitors, and employees and to provide for enforcement by the Iowa State Patrol District 16, while moving rules from the chapter previously adopted by the Department of General Services to the Department of Administrative Services. | Minimal fiscal impact. Approximately 1,000 parking tickets are issued annually. The fine is being raised from \$5 per violation to \$10. The late payment penalty is being raised from \$10 per late payment to \$20. |

| <u>Rule</u> | <u>Rule Summary</u> | <u>Fiscal Impact Analysis</u> |
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| Agriculture and Land Stewardship | | LSA Contact: Deb Kozel 1-6767 |
| ARC 3378B | Establishes low pathogenic avian influenza as a reportable disease in Iowa and to implement a control program for infected flocks. | Cost to poultry producers is estimated at \$54,000 based on a cost of \$1 per test for 27,000 tests and \$1 per sample to collect & mail 27,000 samples. |
| ARC 3376B | Implements a scrapie disease control and eradication program for sheep and goats in Iowa. | Minimal fiscal impact. The USDA covers some program expenses such as providing identification tags for producers. Producers provide labor to identify animals. |
| ARC 3377B | Creates regulation of facilities that provide day care services for dogs. The proposed new rule establishes facility and operational requirements that a dog day care must meet to obtain and retain a license. | The fiscal impact cannot be determined as the number of day care facilities is unknown. The workload will increase for Facility Inspectors in the Department of Agriculture and Land Stewardship. |
| ARC 3379B | Updates references to currently adopted federal regulations for continued federal recognition of the state meat and poultry program. Three new federal regulations are also adopted relating to safe food production. | Minimal fiscal impact. |
| Attorney General | | LSA Contact: Beth Lenstra 1-6301 |
| ARC 3367B | This rule deals with compensation paid to crime victims from the Victim Compensation Fund. Amendments correct the official address of the Crime Victim Assistance Division. It also provides a process for granting waivers to the rules, plus authorizes disability statements related to mental health disability from a licensed mental health provider on behalf of a crime victim. | Minimal fiscal impact. Implementing a waiver process has the potential to increase payments made to victims from the Victim Compensation Fund. The provision related to disability statements may decrease costs. The potential cost increase for any waivers that may be granted is offset by the potential decrease in costs related to disability statements. |
| ARC 3368B | This rule deals with payments made to examiners and facilities under the Sexual Abuse Examination Program. Amendments correct the official address of the Crime Victim Assistance Division, amend the description of covered medical procedures, and increase the payment limit for facility use and examiner fees for collection of evidence in sexual abuse cases. Maximum examiner fees are increased from \$100.00 to \$200.00 and maximum facility fees are increased from \$200.00 to \$300.00 per examination. | The estimated fiscal impact on payments made from the Victim Compensation Fund is approximately \$229,000 annually (\$148.00 per case x 1,500 cases). NOTE: 60.0% of the expenditures are reimbursed by the federal Victim Of Crime Act (VOCA) for use in the program the following year. Increased federal revenue will offset some of the costs for the increase in the payment limit. However, the increase in receipts occurs in the next fiscal year, while expenditures may increase in the current fiscal year. This lag in federal receipts may create cash flow problems for the Victim Compensation Fund. |
| Dental Examiners Board (Dept. of Public Health) | | LSA Contact: Lisa Burk 1-7942 |
| ARC 3347B | Amendments make various technical corrections and clarifications to rules of the Board of Dental Examiners. | Minimal fiscal impact for licensees, if duplicate permit or renewals are issued. |
| Department of Economic Development | | LSA Contact: Russ Trimble 1-4613 |
| ARC 3336B | Makes technical language changes and | There is no fiscal impact to the General |

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| | substantial changes in the per project and per unit assistance for housing programs due to a new federal allocation for the American Dream Down Payment Initiative (ADDI) Program. The substantive changes raise the maximum assistance per unit to \$50,000; raise the per project assistance to \$800,000 on rental projects; establish a \$500,000 maximum for housing rehabilitation programs; and require minimum mortgage loan standards for projects using Housing Fund resources. | Fund. The Department of Economic Development estimates it will receive \$1.3 million in federal funds for this Program for FFY 2004. |
| Department of Education | | LSA Contact: Dwayne Ferguson 1-6561 |
| ARC 3331B | The rules implement voluntary desegregation plans pursuant to 2003 Iowa Acts, Chapter 80, Section 35, to avoid or reduce racial isolation. The plan may contain open enrollment elements to avoid negative impact from open enrollments and provides for exceptions. | No fiscal impact. |
| ARC 3330B | The proposed amendments are to implement the McKinney-Vento Homeless Assistance Act, a part of the No Child Left Behind Act. The rules provide for identifying, attracting, and enrolling homeless children and youth in the appropriate school or program. A waiver of fees and charges is encouraged. | The fiscal impact cannot be determined. If parents or guardians request the student be transported out of district to their school of origin, then additional costs will be incurred. It is assumed normal district routes could not be used to transport the children going out of district. If 20 students requested and were transported 30 miles round trip to their schools of origin at a cost of \$2.06 per mile for 180 school days, the cost would be approximately \$222,000 annually. |
| Engineering and Land Surveying Examining Board (Dept. Commerce) | | LSA Contact: Ron Robinson 1-6256 |
| ARC 3341B | Results of any examination shall only be reported as pass or fail except that the candidate who fails an examination may be provided with his or her converted score and a diagnostic report indicating areas of weakness, as available. | No fiscal impact. |
| ARC 3342B | This rule provides guidance in the form of a matrix depicting building type and use when the services of a licensed professional engineer are required or may not be required in connection with new building construction and alterations to existing structures. | No fiscal impact. |

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| Environmental Protection Commission (Dept. Natural Resources) | | LSA Contact: Deb Kozel 1-6767 |
| ARC 3360B | Revises water quality standards related to total dissolved solids (TDS). Replaces the numerical standard with a site-specific approach for establishing discharge limits for dissolved solids. A facility will be required to demonstrate that their discharge will not result in stream toxicity when applying for a discharge permit. | Minimal fiscal impact to the Department of Natural Resources (DNR). May have an impact on small business; however, the fiscal impact is unknown at this time. |
| ARC 3359B | Makes revisions to rules for discarded appliance de-manufacturing and conforms them to federal regulation. Adds flexibility for a new business if a certification course is not presently available. | Minimal fiscal impact to the State. Information is insufficient to determine the impact to affected businesses; however it will be a benefit. |
| ARC 3358B | Rule changes for the recycling of electronic goods and the disassembly and removal of toxic parts from electronic goods. Allows electronics recycling facilities and electronics collection facilities. | Minimal fiscal impact to the DNR. The estimated impact to 13 electronic recycling facilities in the first year is a cost of \$44,000 and \$37,000 for subsequent years. The estimated first year costs to 50 electronic collection facilities is \$50,000, and \$36,000 for subsequent years. |
| Ethics and Campaign Disclosure Board | | LSA Contact: Sam Leto 1-6764 |
| ARC 3354B | Statutory change to the definition of "regulatory agency" to include the Board. | No fiscal impact. |
| ARC 3350B | Amends Chapter 4, Campaign Disclosure Procedures, Iowa Administrative Code regarding loans and debts by a candidate or campaign committee. | No fiscal impact. Reflects current practices. |
| ARC 3356B | Clarifies the different types of campaign committees that are required to file statements of organization. | No fiscal impact. Brings the Board into compliance with statutory definitions. |
| ARC 3353B | Corrects code cite to the statutory provision requiring county commissioners of elections to retain campaign disclosure reports. | No fiscal impact. Considered a technical change. |
| ARC 3366B | Changes due dates for filing campaign disclosure reports to remove possible confusion between statute and Board's Rules. | No fiscal impact. |
| ARC 3351B | Clarifies the permissible uses of campaign funds relating to the payments to campaign workers and staff. | No fiscal impact. |
| ARC 3355B | Permits a candidate's committee to share information with another candidate's committee; clarifies that a candidate may not donate campaign funds to a charitable organization when the candidate or the candidate's immediate family is employed and would receive a direct financial benefit; removes the requirement that campaign funds donated to a charitable organization can only be donated to a 501(c)(3) organization. | No fiscal impact. Statutory mandate that does not impose financial obligations. |

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| ARC 3349B | Consolidates two current rules regarding the transfer of assets between candidate campaign committees. | No fiscal impact. Considered cleanup. |
| ARC 3369B | Reflects the statutory amendments to the requirement for a permanent organization that makes a campaign contribution to a candidate or candidate's committee in excess of \$750 to disclose the source of the original funds used to make the contribution. | No fiscal impact. |
| ARC 3364B | Reflects the statutory amendments to the "paid for by" attribution statement that is required on published campaign materials. | No fiscal impact. |
| ARC 3348B | Amends sub-rule 8.9(1) c, relating to executive branch lobbyist clients having to file a report disclosing compensation anticipated to be paid to a lobbyist even if the amount is zero. | No fiscal impact. Statutory requirement. |
| ARC 3352B | Amends sub-rule 8.9 (3) by changing due date for lobbyists client reports to July 31 instead of July 1. | No fiscal impact. Statutory requirement. |
| Homeland Security and Emergency Management Div. (Dept. of Public Defense) | | LSA Contact: Jennifer Acton 1-7846 |
| ARC 3374B | Provides for an increase in the wireless E911 surcharge rate to \$0.65 per month per wireless phone pursuant to SF 2298 (FY 2005 Omnibus Appropriations Act). The new rate will go into effect on July 1, 2004. | The overall fiscal impact is a revenue increase of \$2.3 million in FY 2005, due to the \$0.15 increase in the monthly surcharge to wireless phone subscribers. The current \$0.50 surcharge generates \$7.8 million annually based on 1.3 million subscribers. The proposed \$0.65 surcharge will generate \$10.1 million annually in FY 2005 based on 1.3 million subscribers, and \$10.9 million annually in FY 2006 based on 1.4 million subscribers. All collected funds will be expended within the fiscal year. |
| Department of Human Services | | LSA Contact: Sue Lerdal 1-7794, Lisa Burk 1-7942, Jennifer Vermeer 1-4611 |
| ARC 3339B | Clarifies existing policies in the <i>hawk-i</i> Program. | No fiscal impact. |
| Special Emergency | Maintaining FY 2004 reimbursement rates for purchase of service/rehabilitative treatment. | No fiscal impact. There would be no change in the reimbursement rate for expenditures relating to purchase of service/rehabilitative treatment, resulting in no fiscal impact. |
| Department of Inspections and Appeals | | LSA Contact: Doug Wulf 1-3250 |
| ARC 3381B | The proposed amendments clarify the public assistance programs for which the Department seeks overpayments by including the Hawk-i, Promise Jobs, and Food Assistance Programs; change references to forms used by the Department of Human Services for the purposes of determining client | No fiscal impact. |

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| | overpayment; and eliminate obsolete, outdated, and redundant references. | |
| Insurance Division (Dept. of Commerce) | | LSA Contact: Ron Robinson 1-6256 |
| ARC 3106B ARC 3334B | Use of credit information in personal insurance. | Terminated. |
| Department of Natural Resources | | LSA Contact: Deb Kozel 1-6767 |
| ARC 3357B | Establishes the Nature Store that allows the DNR to sell merchandise, via a private contractor, that promotes the mission of the Department to the public and helps Iowans connect with their natural resources and outdoor recreation opportunities. | FY 2004 expenditures are estimated at \$30,000 to set up the Nature Store, contractor and acquire some product inventory. Funding is from the Charter Agency Revolving Loan Fund. First year sales are estimated at \$90,000 with 30% profit to the DNR. Profits will pay off the \$30,000 loan. The contractor will receive 25% of the profits or \$22,500. Sales estimates for FY 2006 are \$150,000 with the same percentage breakdown for profits. The DNR will use profits to expand inventory and make Nature Store improvements. Additional profits will be used for programs in need of supplemental funding, or programs where profits from specific products are advertised to support. |
| Iowa Comprehensive Petroleum UST Fund Board | | LSA Contact: Jeff Robinson 1-4614 |
| ARC 3362B | Allows the UST Board to reimburse owners of aboveground tanks for upgrade or permanent closure costs. The costs are limited to \$25,000 per site and \$100,000 per owner. To be eligible, expenses must be incurred between January 1, 2004, and February 18, 2005. | It is estimated that 940 aboveground tanks will close or be upgraded with an average cost of \$20,000. These reimbursement provisions will increase UST Fund expenses by a maximum of \$18.8 million. The expenses will be paid from balances in the Fund and will occur during FY 2004 through FY 2005. |
| Pharmacy Examiners Board (Dept. Public Health) | | LSA Contact: Lisa Burk 1-7942 |
| ARC 3340B | Proposed amendment adds a registered pharmacist-intern to the list of those to whom an authorized pharmacist may delegate the administration of influenza and pneumococcal vaccines to adults. An authorized pharmacist is required to provide direct personal supervision when delegating such administration to a registered pharmacist-intern. | No fiscal impact. |
| Professional Licensure Division (Dept. Public Health) | | LSA Contact: Lisa Burk 1-7942 |
| ARC 3343B | Board of Physician Assistant Examiners - Adopts criteria for conduct of persons in public meetings, notifying Board regarding address and name changes, license renewal, licensee discipline, and how to obtain duplicate and reissued wallet cards and certificates, and fees associated with the re-issuance of wallet cards and certificates. | Minimal fiscal impact for those who need duplicate or re-issued wallet cards and certificates. |

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| ARC 3345B | Board of Physician Assistant Examiners - Update and clarification of rules covering physician assistant practice. | No fiscal impact. |
| ARC 3344B | Board of Podiatry Examiners - The proposed amendments adopt criteria for the conduct of persons in public meetings, notifying the Board on address and name changes, licensure renewal, licensee discipline, and how to obtain licenses and duplicates, and fees associated with duplicate and reissued wallet cards and certificates. | Minimal fiscal impact for licensees, if duplicate cards and certificates are issued. |
| Department of Public Health | | LSA Contact: Lisa Burk 1-7942 |
| ARC 3373B | Model rule for lead hazard remediation that can be adopted by local boards of health to be used in instances where a child is confirmed as lead poisoned. | No fiscal impact. |
| ARC 3371B | Amendments clarify policies for the role of the licensed dietician and other designated professional authorities in WIC operations; requirements for WIC certification and program participation, including a new option for pre-certification of pregnant women; and requirements for selection and continued participation of WIC vendors. Also, several sections are deleted that are defined in federal rules or the federally approved State plan. Vendor contract renewals are changed from every two to three years. | No fiscal impact. |
| ARC 3372B | Provides for defense and indemnification to volunteer health care providers of free services at approved clinics and to eligible free clinics. | Minimal fiscal impact. The Program has been assigned to the Division of Community Health within the existing budget. |
| Racing and Gaming Commission (Dept. of Commerce) | | LSA Contact: Doug Wulf 1-3250 |
| ARC 3333B | The amendments are intended to implement Chapters 99D and 99F, <u>Code of Iowa</u> . These are mostly clarifying Commission authority and reflecting current practices. | No fiscal impact. |
| Real Estate Commission (Dept. of Commerce) | | LSA Contact: Ron Robinson 1-6256 |
| ARC 3375B | Requires real estate salespersons applying for a broker license in the first renewal term to complete the 36-hour salesperson post license course before applying for an Iowa real estate broker license. | No fiscal impact. |
| Board of Regents | | LSA Contact: Mary Shipman 1-4617 |
| ARC 3346B | Changes language relating to the pay of trainees and apprentices. | No fiscal impact. |
| Department of Transportation | | LSA Analyst: Mary Beth Mellick 1-8223 |
| ARC 3363B | Junkyard Control: Amends Chapter 116 to | Junkyard Control: Minimal fiscal impact. |

| Rule | Rule Summary | Fiscal Impact Analysis |
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| | <p>reflect legislation enacted during the 2003 Session. The legislation limits the DOT's regulation of junkyards to interstate highways only.</p> <p>Outdoor Advertising: Amends Chapter 117 to reflect legislation enacted during the 2002 Session. The legislation, effective July 1, 2004, allows billboards to be erected in the adjacent area of interstate highways if the billboards are located in areas zoned and used for commercial or industrial purposes. The legislation also requires the DOT to adopt rules implementing Section 306B(4), <u>Code of Iowa</u>, as amended, and specifies that the rules be compliant with the federal Highway Beautification Act.</p> | <p>The fiscal note prepared during the 2003 legislation (SF 97 – FY 2004 DOT Omnibus Act) stated that the cost-savings to the DOT for limited regulation of junkyards was not anticipated to be significant. The DOT states that this fiscal impact assessment has not changed.</p> <p>Outdoor Advertising: Minimal fiscal impact. It is anticipated that approximately 64 new structures may be built along interstate highways over five or more years, for an estimated increase of \$13,000 over five years. Many of these signs, however, will replace older and less productive signs. The moneys collected are from permit fees, and are deposited into the Highway Beautification Revolving Fund.</p> |
| ARC 3332B | <p>Defines "current" and "retired" fire fighter, and "fire officer." HF 656 (FY 2004 Fire Fighter License Plates Act) provided that current and retired fire fighters would be eligible to receive special Fire Fighter license plates. Prior to the legislation, current and former members were eligible to apply.</p> | No fiscal impact. |
| ARC 3335B | <p>The Code of Federal Regulations (CFR) was updated in October 2003, and the DOT updated the rules to cite the current version.</p> | No fiscal impact. |
| Utilities' Division (Dept. of Commerce) | | LSA Analyst: Ron Robinson 1-6256 |
| ARC 3380B | <p>The Utilities Board proposes to repeal the exemptions from the filing requirements for reorganizations entered into by public utilities upon acquisitions outside the United States by a public utility.</p> | <p>No fiscal impact to the State.</p> <p>The repeal of this exemption could require some public utilities to expend resources to file proposals for reorganization involving acquisitions outside of the United States where now they do not have to make such a filing.</p> <p>The only public utility to use the exemption, Aquila, Inc., has decided that it should no longer seek acquisitions outside of the United States.</p> |

Please contact the LSA analyst listed for each rule, Jennifer Vermeer (281-4611), or Tim Faller (281-4615) if you have any questions.

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