



## Fiscal Services Division

### ADMINISTRATIVE RULES – FISCAL IMPACT SUMMARIES

**February 5, 2016**

*Iowa Code section 17A.4(4) requires the Legislative Services Agency (LSA) to analyze the fiscal impact of all administrative rules with an impact of \$100,000 or more and provide a summary of the impact to the Administrative Rules Review Committee (ARRC). Fiscal Impact Statements filed by State agencies can be found on our website at <http://www.legis.iowa.gov/law/administrativeRules/arrc/fiscalImpact>*

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#### College Student Aid Commission

#### ARC 2336C

**Rule Summary**      Rescinds the administrative rule regarding the Iowa Grant Program that was discontinued at the end of FY 2015 pursuant to HF 658 (FY 2016 Education Appropriation Act).

**Agency Stated Authority:** Iowa Code section 261.3.

**Fiscal Impact**      **Agency Response:** No fiscal impact.

**LSA Response:** The LSA concurs.

#### ARC 2338C

**Rule Summary**      Eliminates test scores and class rank from the list of materials that must accompany applications for the Governor Terry E. Branstad Iowa State Fair Scholarship Program, making it easier for students to apply.

**Agency Stated Authority:** Iowa Code section 261.62.

**Fiscal Impact**      **Agency Response:** No fiscal impact.

**LSA Response:** The LSA concurs. The scholarship is funded from unspent funds raised for Governor Branstad's inaugural festivities. There is no State funding involved.

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**Professional Licensure Division**

**ARC 2368C**

**Rule Summary** Establishes qualifying disabilities and outlines the requirements to request special accommodations for applicants taking the national exam required for licensure of physical therapists and physical therapist assistants.

**Agency Stated Authority:** Iowa Code section 147.76.

**Fiscal Impact** **Agency Response:** No fiscal impact.

**LSA Response:** The LSA concurs.

**ARC 1909C**

**Rule Summary** Eliminates the requirement that a physician assistant practicing at a remote medical site have a supervising physician physically visit and practice every two weeks.

**Agency Stated Authority:** Iowa Code section 148C.3.

**Fiscal Impact** **Agency Response:** No fiscal impact.

**LSA Response:** The LSA concurs.

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**Department of Human Services**

**ARC 2350C**

**Rule Summary** Establishes standards for mental health advocates who provide services under Iowa Code chapter 229, Hospitalization of Persons with Mental Illness. These amendments include standards for definitions, appointment and qualifications, assignment, advocate and county responsibilities, data collection requirements, and performance improvement for mental health advocate services.

Prior to July 1, 2015, advocates were appointed by the judicial branch and paid by the counties. The legislation amended the Iowa Code to make mental health advocates county employees, effective July 1, 2015. Prior to July 1, 2015, procedures varied by judicial region and county. The amendments will provide consistency in requirements for hiring the advocate and performance standards.

**Agency Stated Authority:** Iowa Code section 225C.6.

**Fiscal Impact** **Agency Response:** These amendments do not create additional cost for the state, counties, or regions since the advocate costs are already paid by the counties and Mental Health Disability Service (MHDS) regions.

**LSA Response:** The LSA concurs.

**ARC 2362C & ARC 2563C**

**Rule Summary** Implements the January 1, 2016, increased personal needs allowance for two State Supplementary Assistance categories, Residential Care Facility (RCF) and Family Life Home Assistance.

**Agency Stated Authority:** Iowa Code section 217.3(6) and Senate File 505 (FY 2016 Health and Human Services Appropriations Act), section 14.

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| <b>Fiscal Impact</b> | <p><b>Agency Response:</b> The RCF and Family Life Home personal needs allowances (PNA) are increasing by \$2 per month from \$101 to \$103 per month. For Family Life Home recipients, the \$2 increase in the personal needs deduction is offset by a \$2 decrease in the combined monthly payment to the Family Life Home from \$794 to \$792. The client will pay \$2 less and the State will continue to pay the same amount as in 2015 for a \$0 increase in State expenditures. There will be no increased cost for the State for Family Life Home for FY 2016 or FY 2017.</p> <p>For RCF recipients, the State will pay an additional \$2 per recipient per month as the total payment to the facility remains the same while the recipient pays \$2 less per month. This will result in an estimated increase in State expenditures of \$10,128 for FY 2016 and an estimated increase of \$19,728 for FY 2017.</p> <p><b>LSA Response:</b> The LSA concurs.</p> |
| <b>Rule Summary</b>  | <p style="text-align: right;"><b><u>ARC 2341C</u></b></p> <p>Implements the provider qualifications, service scope and reimbursement methodology for community-based neurobehavioral rehabilitation residential and intermittent services under the Medicaid Program.</p> <p><b>Agency Stated Authority:</b> Iowa Code section <u>249A.4</u>.</p>  |
| <b>Fiscal Impact</b> | <p><b>Agency Response:</b> The fiscal impact of this rule cannot be determined. Amendments will add community-based neurobehavioral rehabilitation services as a covered benefit under Medicaid. Currently, this service is paid through the exception to policy (ETP) process. Once the service is formally in rule, it is likely that more providers will be interested in enrolling to provide the service.</p> <p>The fiscal impact resulting from this potential expansion depends on the situation of the individuals accessing services. If an individual moves from a higher cost out-of-state facility, there will be savings. If an individual moves from a lower cost institutional or community setting, there will be additional costs.</p> <p><b>LSA Response:</b> The LSA concurs.</p>  |
| <b>Rule Summary</b>  | <p style="text-align: right;"><b><u>ARC 2340C</u></b></p> <p>Makes the following changes:</p> <ul style="list-style-type: none"><li>• Changes the name of the “Assisted Living On-Call” service to the “Assisted Living” service pursuant to directions from the Centers for Medicare and Medicaid Services (CMS).</li><li>• Revises the description of the service to agree with the CMS-approved description, including references to Consumer-Directed Attendant Care (CDAC) agreements.</li><li>• Includes the CMS requirement for a documented daily Assisted Living encounter with the member.</li></ul> <p><b>Agency Stated Authority:</b> Iowa Code section <u>249A.4</u>.</p>   |
| <b>Fiscal Impact</b> | <p><b>Agency Response:</b> No fiscal impact.</p> <p><b>LSA Response:</b> The LSA concurs.</p>  |
| <b>Rule Summary</b>  | <p style="text-align: right;"><b><u>ARC 2342C</u></b></p> <p>Aligns DHS rules for certain programs with <u>SF 505</u> (FY 2016 Health and Human Services Appropriation Act) provider increase, that reads:</p>   |

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Section 29, subsection 6. For the fiscal year beginning July 1, 2015, the reimbursement rates of resource family recruitment and retention contracts, child welfare emergency services contractors, and supervised apartment living foster care providers shall be increased by 5.0% over the rates in effect on June 30, 2015.

**Agency Stated Authority:** Iowa Code section 217.6.

### Fiscal Impact

**Agency Response:** A 5.0% provider rate increase for resource family recruitment and retention contractors, child welfare emergency services contractors, supervised apartment living foster care providers, and shelter care services will increase General Fund expenditure by \$659,000 in fiscal years 2016 and 2017.

**LSA Response:** The LSA concurs. Funding was provided in the FY 2016 Health and Human Services Appropriations Act (SF 505).

**ARC 2357C**

### Rule Summary

Expands juvenile court services to juveniles age 18-21, following SF 412 (Child Welfare Improvements Act).

**Agency Stated Authority:** Iowa Code section 217.6.

### Fiscal Impact

**Agency Response:** Current Juvenile Court Services (JCS) jurisdiction ends at age 18 for clients involved with the Court. With the expansion to age 21, additional clients will be able to continue counseling or receive emergency services after age 18. Although some youth may have services extended, this can be done with existing funding.

**LSA Response:** The LSA concurs. The Iowa Department of Human Services currently has several resources with existing funding for youth above age 18, such as the Aftercare Program, which is administered by the Iowa Aftercare Services Network (IASN). The IASN assists youth exiting State Training Schools or court-ordered detention at age 18 or older. Additionally, the Preparation for Adult Living Program (PAL) provides support to youth leaving State Training Schools or court-ordered detention on or after their 18<sup>th</sup> birthday. The PAL allocation received \$4.0 million in Senate File 505 (FY 2016 Health and Human Services Appropriations Act).

**ARC 2351C**

### Rule Summary

Adopts changes to improve the quality of service, streamline process, and update expectations. The following rule modifications are included: remove form numbers and alter form names in Administrative Code section 441-176.10 pertaining to the dissemination of adult abuse information. Child Abuse and Dependent Adult Abuse Forms have been merged to simplify the process for the requesters of information.

**Agency Stated Authority:** Iowa Code section 235B.5(1).

### Fiscal Impact

**Agency Response:** The revisions requested do not change current processes or procedures. They deal with technical changes related to forms used by the public to request dependent adult or child abuse information. The amendments remove the reference to the actual form number from the administrative rules.

**LSA Response:** The LSA concurs.

**ARC 2361C**

### Rule Summary

Implements the second of a series of two rule-makings that implement the Governor's managed care initiative. Proposed changes to amendments in this rule-making package include:

- Clarifying coverage under the “Marketplace Choice Plan”, as this coverage will be absorbed under the Iowa Health and Wellness Plan (IHAWP) and will be referred to as “Wellness Plan” moving forward.
- Clarifying the process that an IHAWP member claims a “hardship exemption,” indicating that payment of the monthly contribution for the Wellness Plan will be a financial hardship.
- Rescinding references to the “Iowa Plan for Behavioral Health.”
- Rescinding outdated subrules regarding provider qualifications, prior to December 31, 2006, for Home and Community-Based Services (HCBS) provided in residential care facilities.
- Removing outdated references to “mental retardation” and replacing those with “intellectual disability.”
- Replacing outdated references to “comprehensive functional assessment tool” for the ID Waiver, with the “Supports Intensity Scale (SIS)” assessment.
- Removing outdated references to the “Iowa Foundation for Medical Care (IFMC)” and replacing those with the “IME Medical Services Unit.”
- Adding the managed care organizations role or responsibility in delivery and payment of Medicaid covered services.
- Removing outdated reference to the “DSM Third Edition” and replacing with “Diagnostic and Statistical Manual of Mental Disorders, Fifth Edition (DSM-5), published by the American Psychiatric Association.”
- Clarifying provider notification for incident reports for members enrolled with a managed care organization.
- Adding a new service definition, reimbursement methodology, and record requirements for Child Care Medical Services.
- Rescinding references to Accountable Care Organizations.
- Removing outdated references to average wholesale price (AWP) for drug reimbursement and state maximum allowable cost (SMAC) reimbursement for generic drugs.
- Removing references to equivalent products and savings related to SMAC.
- Clarifying that requests for prior authorization go through the managed care organization.
- Clarifying process for drug authorization and removing outdated language.
- Removing references to the MediPASS Program.
- Adding a definition of level of care criteria for facilities and the HCBS waivers.
- Removing the service plan as a requirement for the HCBS Waiver and State Plan HCBS eligibility determinations.

**Agency Stated Authority:** Iowa Code section 249A.4 and 2015 Iowa Acts, Senate File 505, section 12(24).

**Fiscal Impact**

**Agency Response:** The changes in this rule and for the transition to Medicaid managed care are anticipated to save the General Fund \$51.1 million in FY 2016 and \$102.3 million in FY 2017. The Department is still in the process of finalizing calculations, but believes modernization savings will be at or near these targets.

**LSA Response:** Since the Department originally submitted the fiscal information for this rule, the federal government issued a delay in the implementation of managed care, moving the start date from January 1, 2016, to March 1, 2016. With the delay, the new estimated savings for FY 2016 are \$32.7 million for FY 2016. The FY 2017 savings estimates are not impacted by the delay.

**Rule Summary**

Implements Iowa’s transition to managed care beginning January 1, 2016; hawk-i members, Iowa Health and Wellness Members, as well as the majority of Medicaid

**ARC 2358C**

members, will have their services coordinated through a managed care organization. These amendments are the first of a series of two rule makings that the Department is proposing.

Chapter 88 currently contains two divisions that will be rescinded pertaining to managed care (Division I, “Health Maintenance Organization” and Division IV, “Iowa Plan for Behavioral Health”). These amendments introduce a new Chapter 73, “Managed Care,” to provide a single set of rules for managed care. These amendments also rescind Division III, “Medicaid Patient Management.” Chapter 88 will be retitled “Specialized Managed Care” and will include the current rules for other managed care including: Prepaid Health Plans and Programs of all-Inclusive Care for the Elderly.

The proposed amendments to Chapter 73 include:

- Identification of requirements for the managed care organizations to participate in a contract with the Department.
- Identification of enrollment provisions.
- Identification of disenrollment processes.
- Identification of covered services.
- Provisions regarding access to services and consumer choice of providers.
- Identification of responsibilities for incident reporting, discharge planning annual reviews.
- Identification of member appeal and grievance process requirements.
- Identification of record management and documentation requirements.
- Identification of payment process to managed care organization.
- Identification of claims payment requirements.
- Identification of quality assurance and program integrity requirements.

The proposed amendments to Chapter 88 include:

- Rescinds Division I, “ Health Maintenance Organization,” Division III, “Medicaid Patient Management,” and Division IV, “Iowa Plan for Behavioral Care”.
- Renumbers Division II, “ Prepaid Health Plan” and Division V, “Programs of All-Inclusive Care for the Elderly.”

**Agency Stated Authority:** Iowa Code section 249A.4 and 2015 Iowa Acts, Senate File 505, section 12(24)

**Fiscal Impact**

**Agency Response:** The changes in this rule and for the transition to Medicaid managed care are anticipated to save the General Fund \$51.1 million in FY 2016 and \$102.3 million in FY 2017. The Department is still in the process of finalizing calculations, but believes modernization savings will be at or near these targets.

**LSA Response:** Since the Department originally submitted the fiscal information for this rule, the federal government issued a delay in the implementation of managed care, moving the start date from January 1, 2016, to March 1, 2016. With the delay, the new estimated savings for FY 2016 are \$32.7 million for FY 2016. The FY 2017 savings estimates are not impacted by the delay.

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**Aging, Department on**

**ARC 2365C**

**Rule Summary**

Adopts the following changes:

- Updates the notice requirements for area plan hearings.
- Provides a current address for the Department's official website.

- Corrects reference to the name of Office of the State Long-Term Care Ombudsman Program.
- Adds the service of options counseling to the current list of services that can be provided directly by an Area Agency on Aging without seeking prior approval from the Department.
- Merges public hearing provisions in rules.

**Agency Stated Authority:** Iowa Code section 231.23.

**Fiscal Impact Agency Response:** No fiscal impact.

**LSA Response:** The LSA concurs.

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**Economic Development Authority**

**ARC 2374C**

**Rule Summary** Updates Entrepreneur Investment Awards Program definitions, creates a competitive application process, allows the authority to negotiate the award amount with a recipient service provider, increases the \$200,000 aggregate Program cap on awards to \$1.0 million and establishes a fixed \$200,000 cap for individual awards, identifies the acceptable uses of award funds, and changes Program eligibility criteria and the competitive scoring criteria, to conform with SF 510 (FY 2016 Standing Appropriations Act).

**Agency Stated Authority:** Iowa Code section 15.106A.

**Fiscal Impact Agency Response:** No fiscal impact to the State. These amendments do not have any impact on the State beyond the amendments passed by the Legislature to increase the cap.

**LSA Response:** The LSA concurs. The rules and SF 510 do not change the total funds available for assistance under the Program.

**ARC 2373C**

**Rule Summary** Increases the amount of tax credits awarded per investment under the Tax Credits for Investments in Qualifying Businesses and Community-Based Seed Capital Funds Program from 20.0% to 25.0% of the taxpayer's equity investment in a qualifying business, allows refunds for certain tax credits, establishes a \$100,000 cap on individual credit awards and introduces a \$500,000 cap on the amount of awards that can be issued to the investors of a given qualifying business, changes the eligibility requirements for a business to be certified as a qualifying business, identifies information that will be treated as confidential, and updates application deadlines, to conform with SF 510 (FY 2016 Standing Appropriations Act).

**Agency Stated Authority:** Iowa Code section 15.106A.

**Fiscal Impact Agency Response:** No fiscal impact to the State. These amendments do not have a fiscal impact on the State beyond the changes mandated by the Legislature.

**LSA Response:** The fiscal impact is a result of making the tax credits refundable for individual taxpayers. However, the total amount of tax credits that may be awarded in a year does not change. Tax credit redemptions are assumed to increase from the current level of 81.5% of awarded credits to 95.0%. Refundable tax credits are redeemed more quickly, and at a much higher rate than nonrefundable tax credits. This change in the redemption pattern reduces net General Fund revenue. It is estimated that this change will reduce General Fund revenue by an estimated \$200,000 per year in FY 2018 through FY 2020, and by an estimated \$300,000 in FY 2021.

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**Insurance Division**

**ARC 2348C**

**Rule Summary** Adopts a new chapter requiring the utilization of a single prior authorization form in order to streamline the authorization process, increase transparency, and improve access to information related to prior authorizations for prescription drugs. The new chapter will require health carriers, benefit planners and pharmacy benefit managers to develop such a form subject to approval by the Insurance Division.

**Agency Stated Authority:** Iowa Code section 505.26.

**Fiscal Impact** **Agency Response:** No fiscal impact.

**LSA Response:** The LSA concurs.

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**Iowa Public Information Board**

**ARC 2364C**

**Rule Summary** Amends current conflict of interest disclosure procedures of the Iowa Public Information Board (IPIB) to reflect current practices.

**Agency Stated Authority:** Iowa Code section 23.6.

**Fiscal Impact** **Agency Response:** No fiscal impact.

**LSA Response:** The LSA concurs.

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**Labor Services Division**

**ARC 2334C**

**Rule Summary** Terminates ARC 1987C. That rule rescinded existing chapters concerning amusement rides and adopted new chapters in their place. There would have been a new chapter devoted entirely to bungee jumping. A new notice covering the same topics will be filed.

**Agency Stated Authority:** Iowa Code section 88A.3

**Fiscal Impact** **Agency Response:** These changes will have no obvious impact on State revenue or expenses. There may be some expenses incurred by amusement ride operators. However, a five-year grace period is set forth for some of the safety enhancements. Many operators are already in compliance with the national industry standards.

**LSA Response:** The LSA concurs.

**ARC 2354C**

**Rule Summary** Rescinds two existing chapters concerning amusement rides and related equipment, and adopts three new chapters in their place. The proposed rules adopt by reference national industry standards concerning covered amusement equipment. The rules also include standards for tramways and bungee jumping. The proposed rules also clarify the scope of jurisdiction over amusement devices and concession booths; set forth procedures for owners to perform the required annual inspections in limited circumstances; set minimum standards for employees of amusement operations; codify existing practices for many

administrative functions; set forth procedures for denial, termination, suspension, or revocation of an operating permit or sticker; set forth procedures for leasing covered equipment; and, conform to various statutory provisions.

**Agency Stated Authority:** Iowa Code section 89A.3.

**Fiscal Impact** **Agency Response:** These changes will have no apparent effect on State revenue or expenses. There may be some expenses incurred by operators. However, some provisions have a 5-year grace period and the Division believes many operators are already following industry standards.

**LSA Response:** The LSA concurs.

**ARC 2355C**

**Rule Summary** Establishes new safety standards and fees for inspections of material lift elevators. A material lift installed after the effective date of this rule will be required to obtain an installation permit, inspections, and operating permits. The material lift fee is set at \$500 and includes the initial print review, installation permit, initial inspection, and first-year operating permit.

**Agency Stated Authority:** Iowa Code section 89A.3.

**Fiscal Impact** **Agency Response:** Since this proposal only applies prospectively, the costs are anticipated to be minimal. Most manufacturers build new equipment to conform to the current codes.

**LSA Response:** The LSA concurs.

**ARC 2333C**

**Rule Summary** Extends the time period of an elevator alteration permit from 120 days to one year and provides that after the payment of the specified fee, during the 10 months after the issuance of the permit, instead of between 90 and 110 days, the Labor Commissioner may grant an alteration permit extension.

**Agency Stated Authority:** Iowa Code section 89A.3.

**Fiscal Impact** **Agency Response:** No fiscal impact to the State. The notice reduces the amount of paperwork that must be filed with the State.

**LSA Response:** The LSA concurs.

**ARC 2356C**

**Rule Summary** Rescinds rules requiring light curtains to be installed in certain passenger elevators to prevent child entrapment and adopts a performance code. It is estimated that there are about 200 residential elevators operating in public buildings that could be impacted by the rules. The proposed rules require the door or gate to be repaired or replaced if they defect too much. The rules also require a mechanism to be used to prevent operation of the elevator if a person is between the doors or gates, if the distance between the hoistway door or gate and the car door or gate exceeds five inches. No action is required unless the distance between the doors exceeds five inches. For those circumstances where action is needed, the specific solution is not mandated. The rules that were effective June 3, 2015, require a light curtain unless the car doors are a solid panel, regardless of the distance between the doors or gates.

**Agency Stated Authority:** Iowa Code section 89A.3.

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**Fiscal Impact**      **Agency Response:** No fiscal impact to the State. These rules ease previously adopted restrictions.

**LSA Response:** The LSA concurs.

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### Board of Nursing

**Rule Summary**      Revises Chapter 4 related to Board Discipline and creates Chapter 20 related to contested cases. **ARC 2339C**

**Agency Stated Authority:** Iowa Code section 17A.3 and 147.76.

**Fiscal Impact**      **Agency Response:** No fiscal impact.

**LSA Response:** The LSA concurs.

**Rule Summary**      Implements 2015 Iowa Acts, chapter 68 (SF 462 Maintenance and Administration of Epinephrine in Schools and Certain Other Facilities Act), to allow Advanced Registered Nurse Practitioners to write prescriptions for authorized facilities to stock an epinephrine auto-injector supply **ARC 2345C**

**Agency Stated Authority:** Iowa Code section 17A.3 and 147.76.

**Fiscal Impact**      **Agency Response:** No fiscal impact.

**LSA Response:** The LSA concurs.

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### Department of Public Health (IDPH)

**Rule Summary**      Provides the ability for the IDPH, or a sponsor agency, to sponsor a Disaster Medical Assistance Team, Environmental Health Response Team, Logistical Support Response Team, Iowa Mortuary Operational Team, or other Public Health Response Teams as directed by the director. Also makes technical corrections. **ARC 2367C**

**Agency Stated Authority:** Iowa Code section 135.143.

**Fiscal Impact**      **Agency Response:** No fiscal impact.

**LSA Response:** The LSA concurs.

**Rule Summary**      Removes references to EMS service delivery areas, removes restrictions related to the number of awards and funding limits for projects, amends the “Use of Funding” section, amends the application process to reference general IDPH rules on grant awards, and makes technical corrections. **ARC 2366C**

**Agency Stated Authority:** Iowa Code chapter 147A.

**Fiscal Impact**      **Agency Response:** No fiscal impact.

**LSA Response:** The LSA concurs. Funding award maximums will be based on available funding and at the discretion of the IDPH.

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**Department of Public Safety**

**ARC 2335C**

**Rule Summary** Establishes a database of contact information for wireless communications service providers. Under this rule, in emergency situations where a person's life or safety is in danger, law enforcement agencies or public safety dispatchers can contact the cell phone provider and promptly get the location information of that mobile device so that law enforcement or other emergency services can respond. The Department of Public Safety (DPS) will maintain the database. Iowa State Patrol Communications will be the Department's point of contact and is available 24 hours a day to provide the contact information on request. The provider contact information in the database is a confidential record. There is no charge for the request for provider contact information.

**Agency Stated Authority:** 2015 Iowa Acts, House File 447 (Cell Phone Tracking, Serious Injury or Death Risks), section 2 (Iowa Code section 34A.16).

**Fiscal Impact** **Agency Response:** The fiscal impact is estimated to be minimal. The database will be maintained in the DPS Division of Intelligence, and staff is trained for this function. It is not anticipated that additional staff or funding are needed at this time.

**LSA Response:** The LSA concurs.

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**Department of Transportation (DOT)**

**ARC 2337C**

**Rule Summary** Adopts amendments to conform with federal regulations, 49 CFR part 383, and legislative changes in HF 635 (2015 Transportation Omnibus). Requires a commercial driver's license (CDL) applicant to hold a Commercial Learner's Permit (CLP) for 14 days before applying for a CDL. At the end of the 14-day period, the applicant is required to pass a skills test. A CLP is valid for 180 days. The rule adopts the following changes.

- Adopts amendments to conform with federal regulations related to the skills and knowledge test and determining gross vehicle weight used in testing.
- Adopts a waiver of skills testing for active duty military applicants and applicants that have left active duty within a year.
- Updates definitions.
- Requires CDL applicants to provide proof of U.S. Citizenship or lawful residence and state of residence.
- Adopts restrictions related to CDL and CLP that comply with federal regulation.

**Agency Stated Authority:** Iowa Code sections 307.12, 307A.2 and HF 635.

**Fiscal Impact** **Agency Response:** The fiscal impact of these rules will match the session fiscal note for HF 635. These rule amendments implement federal requirements. Failure to implement these changes may threaten federal funding to the DOT.

**LSA Response:** Requiring learner's permits will increase revenue to the Statutory Allocations Fund (SAF) by an estimated \$48,000 each fiscal year beginning in FY 2016. Year-end SAF resources are transferred to the Road Use Tax Fund (RUTF)

the following fiscal year. Therefore, these changes will increase RUTF revenue beginning in FY 2017.

**ARC 2344C**

**Rule Summary** Outlines procedures for victims of identity theft to initiate a request to the DOT for investigation into the matter when related to convictions on driving records. Clarifies the required form for a victim to request an investigation. Requires the DOT to review the applications to determine the appropriateness of the application.

**Agency Stated Authority:** Iowa Code sections 307.12 and 321.200A and 307A.2.

**Fiscal Impact** **Agency Response:** The process outlined in these proposed rules is already in place and does not change current procedures so there is no fiscal impact.

**LSA Response:** The LSA concurs.

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**Environmental Protection Commission**

**ARC 2352C**

**Rule Summary** Changes air quality rules to implement SF 488 (FY 2016 Air Quality Fee Fund Act). Changes include:

- Consolidating the air quality fee rules into one chapter.
- Establishing fees in the Air Quality Bureau in the Department of Natural Resources (DNR) and directing where the fees are deposited.
- Specifying what type of expenditures can be paid for with each type of fee.
- Directing the DNR to meet annually with stakeholder groups to review the revenue and expense for each Fund to determine the next year's budget.
- Increasing the Title V emission fee from \$56 per ton to \$70 per ton.
- Clarifying the practice of excluding greenhouse gases from annual Title V emission fees.

The funds affected include:

Air Contaminant Source Fund:

- Emission Fees Account (or Title V emission fee) – the calculated estimate of total revenues for this Account cannot exceed \$8.3 million during any State fiscal year.
- Operating Permit Application Account – the calculated estimate of total revenues for this Account cannot exceed \$1.3 million during any State fiscal year.

Air Quality Fund:

- Major Source Account – the calculated estimate of total revenues for this Account cannot exceed \$1.5 million during any State fiscal year.
- Minor Source Account – the calculated estimate of total revenues for this Account cannot exceed \$250,000 during any State fiscal year.
- Asbestos Account – the calculated estimate of total revenues for this Account cannot exceed \$450,000 during any State fiscal year.

**Background:** The DNR operates the federal Title V Air Operating Permit Program, established under the Clean Air Act, as amended in 1990, and administered by the federal Environmental Protection Agency (EPA). The EPA has delegated authority to the DNR to issue federal Title V Operating Permits and to collect annual emissions fees. The emissions fees have funded approximately 75.0% of the Air Quality Bureau activities. However, with increased federal regulations and pollution controls, the chargeable tons of emissions have declined from 242,000 in FY 2007 to 140,000 for FY 2015, which in turn has decreased the revenues from emissions fees collected.

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In 2014, HF 2473 (FY 2015 Standings Appropriations Act) appropriated \$1.4 million from the Hazardous Waste Account in the Groundwater Protection Fund to the Air Quality Bureau for funding shortfalls. In addition, the Act directed the DNR to convene a stakeholder group to study funding for air quality programs and to make recommendations for future funding. The group met and their recommendations were included in their final report. In 2015, SF 488 gave the Environmental Protection Commission the authority to establish application fees for construction permits and operating permits for air pollution emitting equipment and fees for asbestos notifications. Senate File 488 implements many of the stakeholder group's recommendations.

**Agency Stated Authority:** Iowa Code sections 455B.133 and 455B.133B.

### Fiscal Impact

**Agency Response:** Revenues projected to be collected from construction permit application fees, Title V operating permit application and emissions fees, and the asbestos notification fee fund the projected costs of these activities within the limitations established in SF 488. This will result in a zero fiscal impact to the Air Quality Bureau because the new fees will produce revenues that will cover permitting expenditures no longer being paid for with revenues from the emissions fee.

**LSA Response:** The LSA concurs that the new fees will cover expenditures. Also, the annual review by the stakeholder groups will allow stakeholders to make recommendations if a fee amount needs to be adjusted. The following table projects the revenue and expenditures for the next four years and includes the Title V emission fee increase. This information was published in the Fiscal Note for SF 488.

| <b>Air Quality Proposed Budget</b>             |                      |                      |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|
| <b>Revenue</b>                                 |                      |                      |                      |                      |
| <b>Major Source Revenue</b>                    | <b>FY 2016</b>       | <b>FY 2017</b>       | <b>FY 2018</b>       | <b>FY 2019</b>       |
| Title V Application & Permit Review            | \$ 7,970,200         | \$ 7,552,600         | \$ 7,745,500         | \$ 7,938,500         |
| Balance Carryforward and Interest              | 715,000              | 12,100               | 10,600               | 12,900               |
| Emission Fees Application & Permit Review      | 424,560              | 1,201,600            | 1,222,200            | 1,243,100            |
| Major Source Application & Permit Review       | 526,550              | 1,073,100            | 1,093,500            | 1,114,300            |
| Prevent. Sig. Deterioration App. & Permit Rev. | 169,550              | 345,500              | 352,100              | 358,800              |
| <b>Major Source Revenue</b>                    | <b>\$ 9,805,860</b>  | <b>\$ 10,184,900</b> | <b>\$ 10,423,900</b> | <b>\$ 10,667,600</b> |
| <b>Minor Source Revenue</b>                    |                      |                      |                      |                      |
| Minor Source Fees                              | \$ 113,640           | \$ 231,600           | \$ 236,000           | \$ 240,500           |
| Federal Grant Section 105                      | 1,250,000            | 1,250,000            | 1,250,000            | 1,250,000            |
| Federal Grant Section 103                      | 472,600              | 472,600              | 472,600              | 472,600              |
| Environment First Fund Appropriation           | 425,000              | 425,000              | 425,000              | 425,000              |
| General Fund Appropriation                     | 704,300              | 704,300              | 704,300              | 704,300              |
| Asbestos Fees                                  | 250,000              | 390,000              | 397,400              | 405,000              |
| <b>Total Minor Source Revenue</b>              | <b>\$ 3,215,540</b>  | <b>\$ 3,473,500</b>  | <b>\$ 3,485,300</b>  | <b>\$ 3,497,400</b>  |
| <b>Total Revenue</b>                           | <b>\$ 13,021,400</b> | <b>\$ 13,658,400</b> | <b>\$ 13,909,200</b> | <b>\$ 14,165,000</b> |
| <b>Dollar Change</b>                           |                      | <b>\$ 637,000</b>    | <b>\$ 250,800</b>    | <b>\$ 255,800</b>    |
| <b>% Change</b>                                |                      | <b>4.89%</b>         | <b>1.84%</b>         | <b>1.84%</b>         |

| <b>Air Quality Proposed Budget</b>                           |                      |                      |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|
| <b>Expense</b>   | <b>FY 2016</b>       | <b>FY 2017</b>       | <b>FY 2018</b>       | <b>FY 2019</b>       |
| <b>Major Source Expense</b>                                  |                      |                      |                      |                      |
| Operating Permit Expense                                     | \$ 5,040,800         | \$ 5,256,600         | \$ 5,354,400         | \$ 5,453,800         |
| Constriction Permit Expense                                  | 1,802,600            | 1,836,900            | 1,871,700            | 1,907,300            |
| Preventive Sig. Deterioration Expense                        | 1,185,800            | 1,208,300            | 1,231,200            | 1,254,600            |
| <b>Total Major Source Expense</b>                            | <b>\$ 8,029,200</b>  | <b>\$ 8,301,800</b>  | <b>\$ 8,457,300</b>  | <b>\$ 8,615,700</b>  |
| <b>Minor Source, Asbestos, &amp; Core Activities Expense</b> |                      |                      |                      |                      |
| Minor Source   | \$ 983,900           | \$ 1,002,600         | \$ 1,021,600         | \$ 1,041,000         |
| Asbestos   | 111,800              | 390,000              | 397,400              | 405,000              |
| Core Activities  | 3,896,500            | 3,964,000            | 4,032,900            | 4,103,300            |
| <b>Total Minor Source, Asbestos &amp; Core</b>               | <b>\$ 4,992,200</b>  | <b>\$ 5,356,600</b>  | <b>\$ 5,451,900</b>  | <b>\$ 5,549,300</b>  |
| <b>Total Expenditures</b>                                    | <b>\$ 13,021,400</b> | <b>\$ 13,658,400</b> | <b>\$ 13,909,200</b> | <b>\$ 14,165,000</b> |
| <b>Dollar Change</b>   |                      | \$ 637,000           | \$ 250,800           | \$ 255,800           |
| <b>% Change</b>  |                      | 4.89%                | 1.84%                | 1.84%                |

**ARC 2353C**

**Rule Summary**

Changes current wastewater rules for the National Pollutant Discharge Elimination System (NPDES) Program in the Department of Natural Resources (DNR). Changes include:

- Updates all Chapters that reference Title 40 of the Federal Code Reference, Part 5 122 related to NPDES permits.
- Chapter 60 – adds new definition for “new discharger” and changes definition for “point source” to be consistent with the Clean Water Act. Also updates forms and removes obsolete language.
- Chapter 62 – corrects several pretreatment standard names and references them to the Federal Effluent and Pretreatment Standards.
- Chapter 63 – changes include:
  - Updates federal references for wastewater testing procedures.
  - Changes bypass notifications from 12 to 24 hours and the timeline for submitting a bypass report to the Department.
  - Adds a new rule that correctly cites rules for NPDES permits.
  - Removes specific operational monitoring requirements for permit holders and updates language.
- Chapter 64 – changes include:
  - Removes public notice requirements for permittees and clarifies language for permit requirements and for reissuance of permits.
  - Adds a new sub-rule to allow the DNR to issue fee refunds without variances. The rule will state reasons when a refund is allowed.
  - Adds agricultural storm water discharge to list of activities that do not require a stormwater operation permit.

**Agency Stated Authority:** Iowa Code section 455B.173.

**Fiscal Impact**

**Agency Response:** There will be a minimal positive fiscal impact to the State from the rule change that removes the requirement for specific operational monitoring permits.

**LSA Response:** The LSA concurs.

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### Board of Medicine

- Rule Summary** Provides general updates for Chapter 9 “Permanent Physician Licensure.” **ARC 2360C**
- Agency Stated Authority:** Iowa Code section 147.76.
- Fiscal Impact** **Agency Response:** No fiscal impact.
- LSA Response:** The LSA concurs.
- Rule Summary** Declares that a person's permanent license to practice medicine and surgery, osteopathic medicine and surgery, or administrative medicine license shall be deemed relinquished if the person fails to apply for renewal or reinstatement within five years after its expiration. **ARC 2346C**
- Agency Stated Authority:** Iowa Code section 147.76.
- Fiscal Impact** **Agency Response:** No fiscal impact.
- LSA Response:** The LSA concurs.
- Rule Summary** Implements 2015 Iowa Acts, chapter 41 (SF 276 Administration of Medical Licenses Act), that establishes requirements for licensure and continuing education for physicians who seek an administrative medicine license. **ARC 2359C**
- Agency Stated Authority:** Iowa Code section 147.76.
- Fiscal Impact** **Agency Response:** No fiscal impact.
- LSA Response:** The LSA concurs.
- Rule Summary** Terminates the Notice of Intended Action for ARC 2298C concerning licensure of Acupuncturists. **ARC 2347C**
- Agency Stated Authority:** Iowa Code section 147.6.
- Fiscal Impact** **Agency Response:** No fiscal impact.
- LSA Response:** The LSA concurs.
- Rule Summary** Establishes standards for supervision of physician assistants by physicians. **ARC 2372C**
- Agency Stated Authority:** Iowa Code section 147.76.
- Fiscal Impact** **Agency Response:** No fiscal impact.
- LSA Response:** The LSA concurs.

**Department of Education**

**ARC 2343C**

**Rule Summary** Adopts program criteria and guidelines for the intensive summer literacy programs required by Iowa Code section 279.68.

**Agency Stated Authority:** Iowa Code section 256.7(5).

**Fiscal Impact** **Agency Response:** The Department projects 9,250 students statewide for the first year of the programs, the summer of 2017. Costs include professional development, preparation time, teacher and paraprofessional salaries, transportation, instructional materials, and overhead costs. Assuming 616 teachers and 1,234 paraprofessionals employed, the total estimated cost is \$6.4 million. Assuming 1,850 teachers and no paraprofessionals are employed, the total estimated cost is \$9.6 million.

**LSA Response:** The LSA concurs. There is no fiscal impact to the State; there is a fiscal impact to local school districts.

The adopted rule decreases the minimum number of hours of an intensive summer reading program from 75 hours to 70. This change decreases the cost estimate from a range of \$6.6 million to \$9.9 million to a range of \$6.4 million to \$9.6 million.

The adopted rule also allows school districts to utilize a private provider for an intensive summer literacy program and requires strategies to assist students with dyslexia. Costs for these changes are unknown.

The 9,250 students estimated to enroll in the program assumes that the Smarter Balanced assessments will be the State accountability assessment during the 2016-2017 school year. The ARRC approved a session delay for the rule adopting Smarter Balanced last month. Barring legislative action, Smarter Balanced will become the new State accountability assessment. If the General Assembly adopts a different State accountability assessment, the estimated number of students may change.

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**Department of Revenue**

**ARC 2370C**

**Rule Summary** Updates the homestead property tax credit rule to revise the types of veterans that are eligible for the disabled veteran tax credit on their homestead. The rules implement changes to the Disabled Veterans Tax Credit enacted during the 2014 and 2015 General Assemblies.

Senate File 2352 (Disabled Veterans Property Tax Credit Act) expanded the number of potential veteran beneficiaries of this existing property tax credit by adding additional forms of disability to the definition. This Act was signed by the Governor on May 26, 2014. The change was first effective for property taxes paid in the fall of 2015 (FY 2016).

House File 166 (Disabled Veterans Property Tax Credit Amendment Act) amended and expanded the changes made one year earlier in SF 2352. This Act was signed by the Governor on March 5, 2015, and was retroactive to May, 26, 2014. Applications made on or after that date and on or before July 1, 2014, would benefit from the new changes in FY 2016. Those applications made after July 1, 2014, would benefit beginning FY 2017.

House File 616 (Miscellaneous Tax Changes Act) amended HF 166 and allowed applications filed through July 1, 2015 to qualify for the credit starting FY 2016 instead of

FY 2017. This Act was signed by the Governor June 18, 2015, and the provision was retroactive to March 5, 2015.

Senate File 510 (Standings Appropriation Act of 2015) transferred money from the lowAccess Revolving Fund to pay for all FY 2016 Disabled Veterans Property Tax Credit claims that were allowed to benefit from the credit under the provisions of HF 616. This Act was signed by the Governor July 2, 2015, and the provision was retroactive to March 5, 2015.

Background: Iowa provides a Homestead Tax Credit for qualified property. The Credit is equal to the property tax owed on \$4,850 of taxed value. The State also provides a Disabled Veterans Property Tax Credit equal to 100.0% of the property tax owned on a qualified veteran's homestead. Both of these Credits are financed through a standing unlimited appropriation from the State General Fund. As long as the appropriation is fully funded, the property owners receive the full benefit of the tax credit and local governments receive revenue equal to the full taxes owed on the property. Under normal circumstances, applications received by July 1 of an assessment year result in a taxpayer benefit beginning in the fall one year after the July 1 application deadline. Taxpayers do not have to reapply the next year.

**Agency Stated Authority:** Iowa Code section 425.15.

**Fiscal Impact**

**Agency Response:** See the Fiscal Note published by the LSA during the 2014 Legislative Session.

**LSA Response:** The first three Acts listed above have a combined fiscal impact on the Homestead Tax Credit General Fund Appropriation, beginning FY 2016. The estimated annual impact will increase General Fund expenditures by \$4.7 million.

Senate File 510 impacts the lowAccess Revolving Fund by transferring money from that Fund to the Homestead Appropriation. The transfer is to cover all applications for the Disabled Veterans Tax Credit that received FY 2016 funding through HF 616. The impact of the transfer was a one-year reduction in the amount of General Fund money needed to finance the Disabled Veterans Tax Credit. At the time of passage, the lowAccess transfer was estimated to be \$950,000 to \$1.5 million. The State did not collect information from the counties as to which applications received FY 2016 benefits as a result of the application deadline change contained in HF 616. Therefore, the State does not have sufficient data to properly calculate the impact of HF 616 and subsequently the needed transfer from the lowAccess Revolving Fund. The Department of Revenue has transferred \$600,000 from the lowAccess Revolving Fund to the Homestead Appropriation to comply with the transfer provision of SF 510.

**Rule Summary**

**ARC 2371C**

Amends Chapter 80 of the Iowa Administrative Code (IAC) to reflect updated laws resulting from recent legislative enactments, court decisions, and administrative efficiencies. Amendments include:

- Redefining the term “parcel” as “account” in reference to properties that fall under dual classification for property tax purposes.
- Updating application dates.
- Creating certain burden of proof presumptions in regards to property ownership change.
- Eliminating the State Board of Tax Review, transferring appeals directly to the Director of Revenue.
- Adding provisions to applications for property tax credits where an application for a portion of a property unit constitutes an application for the credit on the entire unit.

- Requiring the Department to work with the Department of Management in initially determining tax credit rates based on estimated consolidated levy rates, and updating the credit once actual rates become available from the county auditor.

**Agency Stated Authority:** Iowa Code chapter 426C.

**Fiscal Impact**

**Agency Response:** No fiscal impact. These amendments merely implement legislative and judicial changes to the rules that affect the administration of the credit. They do not affect the substance of the credit.

**LSA Response:** The LSA concurs.

**Rule Summary**

Clarifies and expands the sales and use tax exemption for computers, machinery, and equipment used by manufacturers and other specified users for certain purposes under Iowa Code section 423.3(47). This filing provides notice of a public hearing and changes the applicability date to July 1, 2016. The proposed amendments are otherwise identical to those published under the Notice.

**ARC 2349C**

**Agency Stated Authority:** Iowa Code sections 17A.3 and 423.42.

**Fiscal Impact**

**Agency Response:** See the LSA analysis below.

**LSA Response:** For more information, see the revised LSA analysis document.

| <b>General Fund Revenue Reduction - Updated</b> |                          |                          |                          |   |
|---|--------------------------|--------------------------|--------------------------|---|
| Legislative Services Agency Projection          |                          |                          |                          |   |
| In Millions of Dollars                          |                          |                          |                          |   |
|   | State<br>General<br>Fund | School<br>Infrastructure | Local<br>Option<br>Taxes | Total Tax Reduction,<br>State and Local<br>Taxes Combined |
| FY 2016   | \$0.0                    | \$0.0                    | \$0.0                    | \$0.0   |
| FY 2017   | 34.8                     | 7.0                      | 6.1                      | 47.9  |
| FY 2018   | 35.9                     | 7.2                      | 6.3                      | 49.4  |
| FY 2019   | 37.1                     | 7.4                      | 6.5                      | 51.0  |
| FY 2020   | 38.3                     | 7.7                      | 6.7                      | 52.7  |
| FY 2021   | 39.6                     | 7.9                      | 6.9                      | 54.4  |

In future fiscal years, the impact is expected to grow at a rate just above the rate of inflation.

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### Department of Agriculture and Land Stewardship

**ARC 2369C**

**Rule Summary** Updates references to federal regulations for the Meat and Poultry Program. This includes changing the revision date to January 1, 2016.

**Agency Stated Authority:** Iowa Code section 189A.7.

**Fiscal Impact** **Agency Response:** No fiscal impact.

**LSA Response:** The LSA concurs.

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