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[House File 2627](#) – Professional Licensing (LSB5563HZ)  
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Fiscal Note Version – Revised

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**Description**

[House File 2627](#) relates to the regulation of professional licenses in Iowa, including the recognition of out-of-state professional licenses and stated disqualification provisions for criminal convictions. The Bill does the following:

- Excludes misdemeanors from the offenses that are grounds for professional license denial, revocation, or suspension for electrical and plumbing licenses.
- Adds language providing that only certain felony convictions are grounds for professional licensure denial, revocation, or suspension, and only if an unreasonable risk to public safety exists because the offense directly relates to the duties and responsibilities of the profession and the professional licensing board does not grant an exception. This language applies only to electrical and plumbing licenses.
- Allows an applicant to petition the professional licensing board for a determination of whether the applicant’s criminal history results in the denial of a license, and allows the professional licensing board to charge a fee to the applicant for the administrative work involved in reviewing the petition. The fee cannot exceed \$25.
- Provides that professional licensing boards issuing licenses to apprentice and unclassified electricians cannot reject an application for professional licensure solely due to incarceration status or duration of time since the release of an applicant from incarceration.
- Requires that specified professional licensing boards issue professional licenses to applicants with out-of-state licenses if the applicants have established Iowa residency and met specified conditions.
- Waives the initial application and background check fees for any professional licensure applicant if the applicant’s household income is at or below 200.0% of the federal poverty level and the applicant has not previously applied for that professional license in Iowa.

The Bill is effective on January 1, 2021.

**Background**

Background checks and criminal history record checks are provided by the Division of Criminal Investigation within the Department of Public Safety on the behalf of the entities conferring professional licenses in [HF 2627](#). The following felony convictions are grounds for the denial of an electrical or plumbing professional license, in addition to the revocation and suspension of that license:

- Sexual abuse in violation of Iowa Code section [709.4](#)
- Sexual violence as defined in Iowa Code section [229A.2](#)
- Dependent adult abuse in violation of Iowa Code section [235B.20](#)
- Domestic abuse assault in violation of Iowa Code section [708.2A](#)

The Bill provides that these felony convictions are grounds for the denial, revocation, or suspension of a license only if an unreasonable risk to public safety exists because the offense directly relates to the duties and responsibilities of the profession and the professional licensing board does not grant an exception. The Bill specifies that other felony convictions and all misdemeanor offenses are not grounds for license denial, revocation, or suspension.

### **Assumptions**

- Professional licensing system software changes will be necessary to accommodate the licensing changes in the Bill. The DPH estimates a one-time cost of \$40,000 to update its professional licensing software. The BoEE estimates a one-time cost of \$10,000 to update its professional licensing software.
- The number of new applications received in FY 2021 by DPH licensing boards will be similar to the average number of applications received for fiscal years 2018 and 2019.
- 200.0% of the federal poverty level (FPL) is as follows for calendar year 2020:
  - For a household of 1: \$25,520
  - For a household of 2: \$34,480
  - For a household of 3: \$43,440
  - For a household of 4: \$52,400
- Approximately 80.0% of first-time applicants (4,863 applicants) for teaching and educational support licenses conferred by the BoEE will meet the 200.0% FPL criteria for fee waivers.
- It is assumed the number of new applications received annually by the BoEE will be similar to the number received in FY 2019.
- For estimating purposes, it is assumed that between 1.0% and 5.0% of new applicants for DPH professional licenses will meet the 200.0% FPL criteria for fee waivers (**Table 3**).
- Professional licensing boards will assess the maximum \$25 fee for reviewing petitions.
- For estimating purposes, it is assumed that between 1.0% and 5.0% of the new license applications received by the DPH will have petitions filed and be subject to the \$25 petition fee (**Table 4**).
- The Bill will not affect accountants, architects, engineers and land surveyors, landscape architects, and interior designers as these professions require an apprentice period before qualifying for licensure and it is assumed that the individuals in those positions will be earning more than 200.0% of the federal poverty level regardless of household size at the time of applying for licensure.
- The following percentages of applicants will qualify for the fee waiver:
  - Real estate salespersons: 25.0% of applicants
  - Real estate appraisers: 75.0% of applicants
  - Certified residential appraisers: 50.0% of applicants
  - Certified general appraisers: 25.0% of applicants
- A 2.0% growth rate was applied to provide PLB calculations pertaining to real estate salespersons for FY 2021.
- The number of new applications received annually by the PLB (with the exception of real estate salesperson license applications) will be similar to the number received in FY 2019.
- For estimating purposes, it is assumed that between 1.0% and 5.0% of the new license applications received by the PLB will have petitions filed and be subject to the \$25 petition fee (**Table 7**).

### **Fiscal Impact**

#### **Board of Educational Examiners – Background Information**

The Iowa Board of Educational Examiners (BoEE) transfers 25.0% of fees collected annually to the Treasurer of State for deposit into the General Fund.

The BoEE processed 6,079 new professional license applications in FY 2019, which generated \$503,000 in new license fee revenue. The cost for administering background checks for the new licenses was \$136,000, and the BoEE collected approximately \$18,000 in convenience fees.

Board of Educational Examiners – Estimated FY 2021 Impact

The revenue reduction to the BoEE in FY 2021, a partial year of implementation, is estimated to be a total of \$348,000, including a one-time cost of \$10,000 to update the BoEE’s professional licensing system software. The amount transferred to the General Fund from BoEE license fees would be reduced by \$56,000. In subsequent years (FY 2022 and beyond), the revenue reduction to the BoEE is estimated to be \$676,000. The revenue reduction to the General Fund is estimated to be \$111,000 in subsequent years.

Additionally, a professional licensing board can administer a maximum fee of \$25 to applicants petitioning the licensing board for a determination of whether the applicant’s criminal history results in the denial of a license for the administrative work involved in reviewing the petition.

**Table 1** shows the range of the estimated increase from petition fee revenue to be generated by applicants filing petitions for the awarding of licenses based on a fee of \$25. The fiscal estimate for new administrative fee revenue from petitions to the BoEE ranges from \$2,000 to \$8,000.

**Table 1 — BoEE Revenue from Petition Fees**

<b>New License Applications</b>	<b>1.0% Petition</b>	<b>3.0% Petition</b>	<b>5.0% Petition</b>
6,079	\$ 1,520	\$ 4,559	\$ 7,599

Department of Public Health – Background Information

Licensing boards under the purview of the Department of Public Health (DPH) processed an average of 20,414 new professional license applications during FY 2018 and FY 2019, which generated an average of \$2.1 million in new license fee revenue. The cost for administering the background checks for the new licenses averaged \$329,000.

**Table 2 — DPH Average Annual License Fee Revenue**

<b>Division/Board</b>	<b>New Applications</b>	<b>New License Revenue</b>	<b>Background Check Costs</b>
ADPER/EH	4,078	\$ 284,815	\$ 70,950
PL	4,690	473,849	30,000
Pharmacy	4,073	326,690	37,980
Nursing	4,578	305,369	162,750
Dental	1,430	102,225	12,788
Medicine	1,565	593,100	14,040
<b>Total</b>	<b>20,414</b>	<b>\$ 2,086,048</b>	<b>\$ 328,508</b>

ADPER/EH = Acute Disease Prevention and Emergency Response/Environmental Health  
 PL= Professional Licensure

Department of Public Health – Estimated FY 2021 Impact

The revenue reduction to the DPH in the first year of implementation of HF 2627 ranges from \$61,000 to \$234,000, as the percentage of waived application fees will determine the fiscal impact. To implement the license fee and background check waiver provision in the Bill, the Department estimates a one-time cost of \$40,000 will be incurred to update the professional licensing system software. **Table 3** shows the estimated decrease in fee revenue the Department may experience, depending on the percentage of applicants qualifying for the fee waiver.

**Table 3 — DPH Fiscal Impact**

Division/Board	New Applications	1.0% Meet FPL Criteria	3.0% Meet FPL Criteria	5.0% Meet FPL Criteria
ADPER/EH	4,078	2,848	8,544	14,240
PL	4,690	4,738	14,215	47,383
Pharmacy	4,073	3,267	9,801	32,670
Nursing	4,578	3,054	9,161	30,535
Dental	1,430	1,022	3,067	10,223
Medicine	1,565	5,931	17,793	59,309
One-Time Software Update		40,000	40,000	40,000
<b>Total Revenue Reduction</b>	<b>20,414</b>	<b>60,860</b>	<b>102,580</b>	<b>234,360</b>

Totals may not sum due to rounding.

**Table 4** shows the range of the estimated increase from petition fee revenue to be generated by applicants filing petitions for the awarding of licenses based on a fee of \$25. The fiscal estimate for new administrative fee revenue from petitions to the DPH ranges from \$5,000 to \$77,000 annually.

**Table 4 — DPH Fee Revenue from Petition Fees**

Division/Board	New Applications	1.0% Petition	5.0% Petition	15.0% Petition
ADPER/EH	4,078	1,020	5,098	15,293
PL	4,690	1,173	5,863	17,588
Pharmacy	4,073	1,018	5,091	15,274
Nursing	4,578	1,145	5,723	17,168
Dental	1,430	358	1,788	5,363
Medicine	1,565	391	1,956	5,869
<b>Total Revenue Increase</b>	<b>20,414</b>	<b>5,104</b>	<b>25,518</b>	<b>76,553</b>

Totals may not sum due to rounding.

#### Division of Banking — PLB Background Information

In FY 2019, licensing boards under the purview of the Professional Licensing Bureau (PLB) processed 922 new applications. These applications generated \$119,000 in fee revenue, and the cost for background checks was approximately \$17,000.

**Table 5 — FY 2019 PLB Licensing Fee Revenue**

License Type	New Applications	Fee Revenue	Background Check Costs
Real Estate Salespersons	892	\$ 51,290	\$ 16,056
Real Estate Appraisers	27	37,910	486
Certified Residential Appraisers	2	22,300	36
Certified General Appraisers	1	7,680	18
<b>Total</b>	<b>922</b>	<b>\$ 119,180</b>	<b>\$ 16,596</b>

#### Division of Banking — PLB – FY 2021 Estimated Impact

**Table 6** shows the estimated decrease in licensing fee revenue the PLB may experience as a result of the fee waiver in the Bill during the first year of implementation, after a 2.0% growth rate in new real estate salesperson license applications has been applied. The annual revenue decrease to the PLB as a result of the fee waiver in the Bill is estimated to be \$35,000.

**Table 6 — PLB Licensing Fee Revenue Loss  
FY 2021 Compared to Estimated FY 2020**

License Type	Revenue Loss
Real Estate Salespersons	\$ 13,973
Real Estate Appraisers	10,328
Certified Residential Appraisers	6,075
Certified General Appraisers	4,810
<b>Total Revenue Reduction</b>	<b>\$ 35,185</b>

**Table 7** shows the estimated administrative fee revenue to be generated by a certain percentage of applicants filing petitions for reinstatement of licenses based on a fee of \$25. The estimate ranges from \$300 to \$1,000.

**Table 7 — PLB Fee Revenue from Petition Fees**

License Type	New Applications	1.0% Petition	3.0% Petition	5.0% Petition
Real Estate Salespersons	1,058	\$ 275	\$ 800	\$ 1,325
Real Estate Appraisers	24	0	25	25
Certified Residential Appraisers	3	0	0	0
Certified General Appraisers	1	0	0	0
<b>Total Revenue Increase</b>	<b>1,086</b>	<b>\$ 275</b>	<b>\$ 825</b>	<b>\$ 1,350</b>

**Summary of FY 2021 Impact**

**Table 8** summarizes the FY 2021 fiscal impact for the BoEE, the DPH, and the PLB in the Division of Banking.

**Table 8 — Summary of Fiscal Impact**

	FY 2021*	FY 2021	FY 2021
	Board Fee Revenue Impact - Low Estimate	Board Fee Revenue Impact - High Estimate	General Fund Transfer Reduction
<b>BoEE</b>			
Revenue Reduction**	-\$337,946	-\$337,946	-\$56,000
One-time Software Cost	-10,000	10,000	
Petition Fee Revenue	7,599	1,520	
<b>Net Revenue Reduction</b>	<b>-\$341,347</b>	<b>-\$346,426</b>	<b>-\$56,000</b>
<b>DPH</b>			
Revenue Reduction	-\$60,860	-\$234,360	
One-time Software Cost	-40,000	-40,000	
Petition Fee Revenue	5,104	76,553	
<b>Net Revenue Reduction</b>	<b>-\$95,756</b>	<b>-\$197,807</b>	
<b>PLB</b>			
Revenue Reduction	-\$35,185	-\$35,185	
Petition Fee Revenue	1,350	275	
<b>Net Revenue Reduction</b>	<b>-\$33,835</b>	<b>-\$34,910</b>	
<b>Total Revenue Reduction</b>	<b>-\$470,938</b>	<b>-\$579,143</b>	<b>-\$56,000</b>

\*Partial fiscal year.

\*\*In subsequent fiscal years (FY 2022 and beyond), the revenue reduction to the BoEE is estimated to be \$676,000. The revenue reduction to the General Fund is estimated to be \$111,000.

**Sources**

Board of Educational Examiners

Department of Public Health

Department of Commerce, Division of Banking, Professional Licensing Bureau

U.S. Department of Health and Human Services

/s/ Holly M. Lyons

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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