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[House File 2627](#) – Professional Licensing (LSB5563HZ)  
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Fiscal Note Version – As amended and passed by the House

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**Description**

[House File 2627](#) as amended and passed by the House relates to the regulation of professional licensure 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 a 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.
- Requires specified professional licensing boards to extend license expiration dates to June 30, 2021.
- Eliminates the Hospital Licensing Board.
- 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 Department of Public Health (DPH) estimates a one-time cost of \$40,000 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
- 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 5**).
- 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 6**).
- For estimating purposes, it is assumed that the majority of FY 2020 license renewals are paid
- 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 Professional Licensing Bureau (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 9**).

### **Fiscal Impact**

#### Department of Public Health — Fiscal Impact Background Information

Licensing boards under the purview of the 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. License fee revenue is retained by the professional licensing boards to cover expenses.

**Table 1 — DPH Average New License Fee Revenue — Current Law**

Division/Board	New Applications	New License Revenue	Background Check Costs
ADPER/EH	4,078	\$ 284,815	\$ 70,950
BPL	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= Bureau of Professional Licensure

DPH License Renewal Extension

In addition to revenue from new license fees, DPH professional licensing boards generate revenue by renewing existing licenses. The Bill specifies that licenses under Iowa Code section [147.13](#) that are set to expire in 2020 are extended to June 30, 2021.

**Table 2  
 Bureau of Professional Licensure  
 Total Active Licenses**

Board	Licenses
Cosmetology Arts and Sciences	18,640
Physical and Occupational Therapy	7,202
Social Work	4,170
Massage Therapy	3,256
Respiratory Care and Polysomnography	1,989
Behavioral Science	1,984
Chiropractic	1,882
Speech Pathology and Audiology	1,819
Physician Assistants	1,609
Dietetics	1,206
Psychology	1,114
Barbering	1,047
Mortuary Science	934
Nursing Home Administrators	857
Athletic Trainers	827
Optometry	713
Podiatry	387
Sign Language Interpreters and Translators	377
Hearing Aid Specialists	376
<b>Total Licenses</b>	<b>50,389</b>

As slightly fewer than 5,000 licenses under the DPH Bureau of Professional Licensure (BPL) are new licenses, approximately 46,000 licenses are renewed licenses.

The number of active licenses renewed by the remaining boards under Iowa Code section 147.13 are as follows:

**Table 3  
DPH Active Licenses**

Board	Licenses
Board of Medicine	12,009
Board of Nursing	65,215
Dental Board	6,090
Board of Pharmacy	8,044
<b>Total Licenses</b>	<b>91,358</b>

Carryforward Funds

The BPL does not receive a General Fund appropriation; instead, the Bureau relies on carryforward funds to cover expenses at the beginning of the fiscal year before license fee revenue is received. Carryforward funds are also sometimes required for covering costs of larger ongoing projects, such as information technology updates. Additionally, some of the licenses under the BPL are set to be renewed in the same time frame; for example, the licenses to practice acupuncture are all renewed in October of even-numbered years. A license renewal extension to June 30, 2021, would indicate a greater reliance on carryforward funds to mitigate cash flow issues throughout FY 2021. As shown in **Table 4**, the FY 2021 estimated carryforward balances for the BPL and the Dental Board are particularly low. The amount of carryforward balance as a percentage of total annual expenses varies by board.

**Table 4 — Carryforward Balances for DPH Boards**

Professional Licensing Entities	FY 2021 Carryforward Estimate	Carryforward Percentage of Total Expenses
Professional Licensure	\$ 160,566	5.9%
Pharmacy	1,478,557	48.2%
Nursing	572,713	16.7%
Dental	238,727	21.9%
Medicine	1,262,663	37.9%
<b>Total Carryforward Funds</b>	<b>\$ 3,713,226</b>	

LSA estimate

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 5** shows the estimated decrease in fee revenue the Department may experience, depending on the percentage of applicants qualifying for the fee waiver.

**Table 5 — 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.

### **Petition Fees**

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 6** 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 increased administrative fee revenue from petitions to the DPH ranges from \$5,000 to \$77,000 annually.

**Table 6 — 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 Fiscal Impact Background Information**

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

**Table 7 — 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 8** 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 8 — 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 9** 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 9 — 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 10** summarizes the FY 2021 fiscal impact for the DPH and the PLB in the Division of Banking.

**Table 10 — Summary of Fiscal Impact**

	FY 2021	
	Board Fee Revenue Impact - Low Estimate	Board Fee Revenue Impact - High Estimate
<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>-\$129,591</b>	<b>-\$232,717</b>

**Hospital Licensing Board**

The elimination of the Hospital Licensing Board will not have a significant fiscal impact.

**Sources**

Department of Public Health

Department of Commerce, Division of Banking, Professional Licensing Bureau

U.S. Department of Health and Human Services

LSA analysis

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/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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