

**MINUTES OF THE SEPTEMBER 2014 MEETING  
OF THE  
ADMINISTRATIVE RULES REVIEW COMMITTEE**

- Date of meeting: The regular, statutory meeting of the Administrative Rules Review Committee (ARRC) was held on Tuesday, September 9, 2014, at 9 a.m. in Room 116, State Capitol, Des Moines, Iowa.
- Members present: Senator Wally Horn, Chair, and Representative Dawn Pettengill, Vice Chair; Senators Mark Chelgren, Thomas Courtney, Pam Jochum, and Roby Smith; Representatives Lisa Heddens, Rick Olson, Jeff Smith, and Guy Vander Linden were present.
- Also present: Joseph A. Royce and Jack Ewing, Legal Counsel; Stephanie A. Hoff, Administrative Code Editor; Larry Johnson, Deputy Counsel, Office of the Governor; fiscal staff; caucus staff; and other interested parties.
- Convened Sen. Horn convened the meeting at 9:05 a.m.
- Fiscal overview** Adam Broich presented the LSA fiscal report.
- HUMAN SERVICES DEPARTMENT** Nancy Freudenberg, Theresa Armstrong, Bob Schlueter and Jen Harbison represented the department.
- ARC 1588C No questions on proposed amendments to chs 7, 41 and 93 pertaining to the continuation of benefits pending the outcome of an appeal, implementation of a limited benefit plan (LBP) or FIP ineligibility period, PROMISE JOBS record retention, and the update of references to the GED.
- ARC 1591C Proposed amendments to ch 25 pertain to the standards for submission of county mental health and disability services data to calculate Medicaid offset for each county. In response to an inquiry from Sen. Jochum, Ms. Armstrong stated that interested parties are aware of the specific September 19, 2014, data submission deadline set forth in 25.96(2) and that the department will work with interested parties to determine by next year whether to set an annual data submission date.
- ARC 1611C No action on amendments to 7.1 and 7.6(6) concerning appeals, including the definition of “aggrieved person” and an appeal of a proposed decision by the department.
- ARC 1618C No questions on proposed amendments to chs 74 and 77 relating to the Iowa health and wellness plan and to the standards for accountable care organizations to become Medicaid providers.
- ARC 1620C No questions on proposed 78.28(11) regarding high-technology radiology procedures.
- ARC 1610C No action on amendments to chs 78 and 79 concerning a legal representative as a paid provider of funded services to a Medicaid member. In response to an inquiry from Sen. Jochum, Ms. Freudenberg stated that the department has addressed the concerns expressed by Caretech, Inc., regarding brain injury (BI) training and that this rule making does not relate to or impair the ability of Caretech to serve its clients.
- ARC 1609C No action on amendments to 79.1(2) concerning a reimbursement rate increase for emergency medical service providers.
- ARC 1617C Proposed amendments to 79.1(2) and 79.1(7)“c” pertain to the reimbursement rate for primary care services. Mr. Schlueter clarified for Sen. Chelgren that the reimbursement rate was extended by the legislature through the appropriations bill.
- ARC 1619C No questions on proposed amendments to 79.1(5) regarding disproportionate share payments to hospitals.
- ARC 1608C No action on amendments to 79.1(25) pertaining to the Medicaid alternative reimbursement rate methodology for community mental health centers.
- ARC 1621C No questions on proposed amendments to 79.2, 79.3(2) and 79.14(3) regarding sanctions and program integrity related to the medical assistance program.
- ARC 1607C No action on amendments to 156.9 concerning minimum foster group care payment rates.
- ARC 1606C No action on amendments to 170.1 and 170.2 pertaining to eligibility for child care assistance.

**ADMINISTRATIVE SERVICES DEPARTMENT** Caleb Hunter and Michelle Minnehan represented the department.

ARC 1568C Amendments to chs 4, 44, 52 to 54, 57, 60, 63 and 64 pertain to personnel records and to human resources matters, including veteran preference, compliance with statute and collective bargaining agreements and clarification of practice.

Discussion pertained only to Item 22, which strikes the following language (60.3(2)“c”): “An agency shall not implement a reduction in force until it has first terminated all temporary employees in the same class in the reduction in force unit, as well as those who have probationary status in the same class.”

Sen. Courtney inquired about the purpose of the amendment and its relationship to collective bargaining and stated that he understood the contract language to have been permissive and therefore not required to be negotiated. In response, Mr. Hunter stated that the amendment eliminates from merit system rules language that had been eliminated from the collective bargaining contract and that, pursuant to Iowa Code section 8A.411, the amendment coordinates the personnel rules and policies of the merit system and those of the collective bargaining system. Ms. Minnehan added that the amendment provides consistency related to reductions in force. Mr. Hunter stated that as required by Iowa Code chapter 20, the contract language related to reductions in force had been negotiated as part of the collective bargaining agreement. Sen. Courtney requested that the department provide information regarding the items that were specifically agreed to by AFSCME during the negotiation of the 2013-2015 collective bargaining agreement.

Rep. Pettengill observed that no comments regarding the rescission had been received from AFSCME, and Sen. Chelgren stated that he was in support of and content with the amendment that had received no public comment. Sen. Courtney observed that ASFCME most likely did not comment on the amendment because the amendment affects only merit employees. Sen. Jochum concurred and inquired about whether the amendment is even necessary and whether the policy had yet been implemented in reductions in force related to contract employees. In response, Mr. Hunter confirmed that the amendment affects only merit employees. Ms. Minnehan explained that the amendment allows the appointing authority flexibility to implement reductions in force at its discretion based on business needs. She also stated that since July 1, 2013, pursuant to the collective bargaining agreement, no permanent contract employees have been laid off in lieu of temporary employees or probationary employees.

Sen. Courtney expressed concern that the amendment will, over time, alter the status of all state employees. He stated, and Sen. Jochum concurred, that the legislature, not the department alone, should make decisions regarding changes in policy related to the merit system.

Motion to refer Sen. Courtney moved a general referral of Item 22 (60.3(2)).

Motion fails On a roll call vote of 4 yes and 5 no, the motion failed. [Note: A general referral requires 6 affirmative votes.]

**COLLEGE STUDENT AID COMMISSION** Julie Leeper represented the commission.

ARC 1579C No questions on a proposed amendment to 5.12(5) to update the commission address.

ARC 1586C No questions on proposed amendments to ch 24 regarding the rural Iowa primary care loan repayment program.

ARC 1587C No questions on proposed amendments to ch 25 pertaining to the rural Iowa advanced registered nurse practitioner and physician assistant loan repayment program.

ARC 1572C No action on ch 28, the teach Iowa scholar program. In response to an inquiry from Sen. Chelgren, Ms. Leeper explained that in conformance with the statute, “accredited nonpublic school” has been added to the definition of “eligible school or agency.”

**EDUCATIONAL EXAMINERS BOARD** Board Chair Laura Stevens, Darcy Lane, Joanne Tubbs and Mike Cavin represented the board. Other interested parties included Pat Carlson of Iowa State University; Catherine Gillespie of Drake University; Roxanne Cumings of the Waukee Community School District; Jake Holmes; and Brad Rose of West Des Moines Community Schools.

## Educational Examiners Board (continued)

ARC 1602C

Proposed amendments to 14.2 pertain to special education endorsements. Ms. Lane described the work of a committee of stakeholders, including school administrators, special education teachers, area education agency staff, representatives of higher education, education department staff, and board staff, that, over a nine-month period, developed the proposed amendments. Ms. Lane explained that under the amendments, the K-12 special education endorsement with areas of specialization would replace the current instructional strategist I and II endorsements. The K-12 special education endorsement increases specific preparation requirements of special education teachers (both in general education and special education preparation), addresses the noncategorical delivery models of special education, and includes coverage of Iowa's specific special education issues and practices.

Discussion pertained to the purpose of the proposal and to the effect of the proposal on the standards for a special education endorsement, on teacher preparation programs, and on the number and quality of special education teachers.

In response, Mr. Cavin stated that the proposal is intended to benefit students by providing them with remediation in the common core subjects and by matching students whose needs are categorized specifically (e.g., severe intellectual disability) with teachers qualified to address those needs. He explained that the proposal will address, through a new generalist's degree, the current shortage of certain categories of special education teachers. Mr. Cavin stated that the proposal will likely lead to an expansion of college preparatory programs, including the development of full-fledged special education programs at some colleges and additional courses and required hours for students to qualify for an endorsement. He explained that the proposal will raise the standards for a special education endorsement that, over time, will ensure a teacher's ability to teach students who have a variety of special needs. Ms. Stevens concurred with Mr. Cavin's assertion that standards will be raised and added that, according to an informal board study, most states that require a generalist's degree have lowered the achievement gap in literacy. Mr. Cavin added that the proposal increases the standards for teacher preparation above those of several other states.

Ms. Carlson expressed concern that the proposal is geared for ease of administration rather than toward special education students who may not receive the services they need and that higher education institutions may not be able to prepare prospective teachers in a reasonable amount of time. Ms. Gillespie expressed concern that preparation of a prospective teacher in four years will be difficult and that the field of special education will become less attractive, resulting in fewer, not more, special education teachers. She suggested alternatives to the proposal, such as more opportunities for professional development and increased collaboration between higher education institutions and school districts.

In response to inquiries from Sen. Chelgren, Rep. Heddens and Rep. Olson, Ms. Gillespie stated that Drake University would prefer that special education teachers enroll in advanced classes to earn endorsements; that additional alternatives include the creation of learning communities and strengthening of teacher-mentor programs; and that enhancing existing master's degree programs, perhaps by bringing the programs to the schools, might also be a solution to attract prospective special education teachers to the field. Sen. Chelgren stated that he would prefer that a teacher have the desire to teach rather than have the knowledge but not the desire to teach.

Ms. Cumings expressed support for the proposed program and stated that it will prepare well-rounded special education teachers who are capable of meeting the needs of students through a variety of means, including the application of assessment strategies and assistive instructional technology, the ability to write individual education plans (IEPs) that confer a benefit, the incorporation of the Iowa core curriculum, and the ability to collaborate with the family and others for the student's benefit.

Rep. Heddens requested that the department provide the committee with copies of the board study regarding the lowering of the achievement gap in other states. Mr. Johnson expressed appreciation to the board for addressing special education endorsements and to the public commenters for engaging in discussion and offering alternatives to the proposal.

Educational Examiners Board (continued)

ARC 1604C No questions on proposed amendments to ch 22 regarding the native language teaching authorization.

ARC 1603C Proposed 22.9 concerns a Montessori authorization. Ms. Lane stated that this rule would create an optional Montessori authorization to recognize coursework and specialization in Montessori education methods and to create a certification that signifies the licensee has that background and, for Montessori educators who are working in independently accredited schools, to allow recognition of specialized Montessori training and coverage of these teachers under the board's code of professional conduct and ethics. Ms. Lane explained that a teacher would not otherwise possess this authorization as an uncertified teacher in an independently accredited school. Ms. Tubbs stated that the authorization alone would not allow a Montessori teacher to teach in public schools; the teacher would be required to be licensed by the state.

Discussion pertained primarily to the necessity and desirability of the authorization. Rep. Vander Linden and Rep. Pettengill expressed opposition to the rule and stated that individual schools could require background and criminal history checks and promulgate their own rules regarding professional conduct and ethics. In response, Ms. Tubbs stated that because the authorization would require the teacher to be subject to the board's code of professional conduct and ethics, the authorization could be suspended or revoked if the teacher violated the code and the teacher would not be allowed to continue teaching elsewhere in Iowa. In response to an inquiry from Sen. Jochum, Ms. Stevens stated that the rule is intended to protect the health and safety of students.

ARC 1605C Proposed 22.10 pertains to the activities administration authorization. Ms. Lane explained that the proposed rule would allow a person with a degree in athletic administration or a related field to serve in the role of an activities director if the individual meets the requirements for an activities administration authorization. At present, an individual must have a teaching license or an administrative license to hold an activities administration position.

Discussion pertained primarily to the necessity of and impetus for the authorization. In response to inquiries from committee members, Ms. Tubbs explained that the authorization would permit a person who is not a teacher but who has a bachelor's degree or higher in athletic administration or a related field and who meets other requirements to serve as an activities administrator. She stated that the authorization was requested by school districts and by the Iowa High School Athletic Association and the Iowa High School Girls Athletic Union. Ms. Tubbs was not certain if there is a shortage of activities administrators in the state. Sen. Courtney stated that if there is not a shortage of activities administrators, the authorization should not be adopted.

Mr. Holmes stated that he would be a candidate for this authorization because he has a bachelor's degree and master's degree, extensive athletic background and qualifications to be a college athletic director, but he cannot serve as a high school athletic director without a teaching degree. Mr. Rose, who is an athletic and activities director and who oversees training for prospective activities administrators, expressed support for the rule and emphasized that the courses in the field of education required for the authorization will enable candidates to become more effective athletic administrators without returning to college to earn a teaching degree.

**EDUCATION DEPARTMENT** Phil Wise and Jeremy Varner represented the department.

ARC 1597C No action on 6.23 pertaining to appeal procedures for federal programs.

ARC 1598C No questions on proposed ch 48, statewide work-based learning intermediary network.

ARC 1596C No action on amendments to ch 97 regarding whole-grade sharing and operational services related to supplementary weighting. Rep. Pettengill commended the department for its work on this rule making.

**CREDIT UNION DIVISION** Jan Johnson represented the division.

ARC 1580C No questions on proposed amendments to chs 1 and 17 pertaining to credit union investments.

**ECONOMIC DEVELOPMENT AUTHORITY** Tim Whipple represented the authority.

ARC 1573C No action on amendments to chs 76 and 187 and the rescission of chs 113 and 410 pertaining to economic development programs authorized in Iowa Code chapters 15 and 15E and to compliance cost fees.

**ENVIRONMENTAL PROTECTION COMMISSION** Christine Paulson and Jim McGraw represented the commission.

ARC 1561C No action on amendments to 22.10(3)“a” and 23.1(4) concerning best management practices for grain elevators and to federal air toxics standards for chemical manufacturing plants and prepared feeds manufacturing. In response to an inquiry from Rep. Pettengill, Ms. Paulson explained that the small grain elevator located in Rep. Pettengill’s district would be subject to best management practices (BMPs) and clarified that, regarding implementation of the rules, EPA maintains concurrent authority and the department maintains delegated authority and has primary implementation authority when rules are adopted. In response to an inquiry from Sen. Chelgren, Ms. Paulson stated that the EPA interpretation of a federal regulation and EPA authority over imposition of fines supersede that of the state and that EPA works with the department and vice versa regarding interpretation of rules and other issues.

**NATURAL RESOURCE COMMISSION** Director Chuck Gipp, Martin Konrad, Jon Tack, Bruce Trautman and Tamara McIntosh represented the commission. Other interested parties included Bill Smith of the Missouri Valley Waterfowlers Association.

ARC 1564C No questions on proposed amendments to 54.5 relating to removal of aquatic vegetation near boat docks and in pathways to open water.

ARC 1565C The proposed amendments to ch 81 and the rescission of ch 85 pertain to fishing regulations and trotlines.

Discussion pertained to Asian carp and hand fishing. In response to inquiries from committee members, Mr. Konrad stated that electric barriers are a stop-gap measure to control Asian carp in the Iowa Great Lakes and that the numbers of Asian carp are not sufficient for commercial use. He also explained that Asian carp may be shot from a boat or from shore and that hand fishing of all rough fish is prohibited.

ARC 1562C No action on amendments to ch 106 regarding deer hunting licenses. In response to an inquiry from Sen. Chelgren, Mr. Gipp stated that public comment in opposition to the rules reflected the belief of some persons that the number of deer remains too high and that the depredation program and individual shooting permits are two methods to mitigate the damage that deer cause to woodlands and crops. Mr. Gipp also discussed the removal of the January antlerless-deer-only season, which allowed rifles as a method of take.

ARC 1622C No questions on the proposed rescission of chs 9 and 53 pertaining to state migratory waterfowl and trout and habitat stamp design contests and to controlled hunting areas.

ARC 1614C No action on amendments to ch 91 pertaining to the waterfowl and coot hunting seasons and to a special September teal season.

Discussion pertained to the duck hunting season dates for the Missouri River zone and to the necessity of a coot season. Mr. Trautman explained that the season dates for the Missouri River zone were lengthened by a week to address the concerns of hunters. Mr. Gipp added that the department set the season dates based on a survey of applicants for duck hunting licenses over the previous five years. Ms. McIntosh stated that the coot is a federally protected migratory bird and that the state’s ability to remove the coot hunting season is subject to the requirements of federal law.

Mr. Smith expressed opposition to the Missouri River zone season dates for duck hunting, pointed out the large turnout of duck hunters at public hearings, and questioned the standards by which the season dates were set by the commission.

**ETHICS AND CAMPAIGN DISCLOSURE BOARD, IOWA** Megan Tooker represented the board.

ARC 1581C No questions on a proposed amendment to 4.25(1)“w” pertaining to transfer of campaign funds to charitable organizations.

ARC 1578C No questions on proposed amendments to 4.32 concerning contributions from political committees not organized in Iowa.

**INSPECTIONS AND APPEALS DEPARTMENT** David Werning represented the department.

ARC 1566C No action on amendments to 50.9 and 50.10(7) regarding time lines for verification of convictions or records of founded abuse and for plans of correction by health care facilities and certified nursing assistant (CNA) training programs.

ARC 1616C No questions on proposed amendments to ch 67 that establish, for elder group homes and adult day services programs, an informal conference process to contest the department's final findings.

ARC 1615C No questions on proposed ch 71, subacute mental health care facilities.

**INSURANCE DIVISION** Angel Robinson represented the division.

ARC 1592C Proposed 85.9(4) pertains to notification of the termination of a relationship between a navigator entity and an individual navigator. In response to an inquiry from Sen. Jochum, Ms. Robinson stated that 13 navigators are known to the division and that the amendment will enable the division to know the number of employed navigators on an ongoing basis.

**IOWA FINANCE AUTHORITY** Mark Thompson represented the authority.

ARC 1585C Proposed amendments to ch 12 concern the qualified allocation plans (QAPs) for the low-income housing tax credit program. In response to an inquiry from Rep. Pettengill, Mr. Thompson stated that a developer can qualify for the 4% QAP on one project and the 9% QAP on another project. Rep. Pettengill requested that Mr. Thompson research whether a developer could qualify for both the 4% QAP and the 9% QAP on a single project.

ARC 1595C No action on amendments to ch 27 pertaining to the military home ownership assistance program. In response to an inquiry from Sen. Courtney, Mr. Thompson explained that the total program allocation is used annually and that the division provides information about the program through the veterans affairs department and to banks and realtors. Mr. Thompson stated that the authority will consider additional methods to inform veterans about the program.

**PUBLIC HEALTH DEPARTMENT** Barb Nervig and Deborah Thompson represented the department. Other interested parties included Kevin Walker of the American Heart Association; Laura Malone of the Iowa Hospital Association; Tera Hamann; Roxanne Cogil of the Epilepsy Foundation of North/Central Illinois, Iowa, Nebraska; Maria La France; and Kim Novy.

ARC 1567C Proposed amendments to ch 4, published as ARC 1471C, IAB 5/28/14, pertain to newborn hearing and critical congenital heart disease screening, newborn screening data and specimens, and a sliding fee scale for the neuromuscular and related disorders program. In response to oral and written comments regarding ARC 1471C, the department submitted this Amended Notice of Intended Action to propose additional changes to the amendments.

Mr. Walker stated that the Association and the Iowa Medical Society have agreed to language in 4.3(9)"b"(3) regarding pulse oximetry screening for newborn critical congenital heart disease (CCHD) and requested that the department incorporate the language into the adopted rules. Ms. Malone commended the addition of the phrase "other means" after "pulse oximetry" in the definition of "newborn critical congenital heart disease (CCHD) screening" and requested that 4.3(9)"e" not be adopted at this time because the data elements and means for the reporting of CCHD screening have not yet been specified. Ms. Hamann expressed appreciation to the department and the legislature for the commitment to CCHD screening.

ARC 1571C Proposed ch 154 pertains to the medical cannabidiol Act registration card program. Ms. Nervig reported that 42 written and oral comments were received from 32 individuals and that a majority of the comments recommended changes to the legislation. Ms. Nervig stated that as a result of the comments that pertained to the rules, the department made several revisions which will be incorporated before the Notice is Adopted and Filed, including changes in the definition of "permanent resident" and changes related to photo identification and the renewal process. Ms. Nervig provided the committee copies of the public comment and of the prospective Adopted and Filed rule making.

Public Health Department (continued)

In response to an inquiry from Rep. Pettengill, Ms. Thompson clarified the definition of “state,” agreed to change the phrase “of this state” to “of Iowa” in 154.2(1)“a,” and explained the process for voiding the record of a cannabidiol registration card that is reported lost, stolen or destroyed. In addition, Ms. Thompson stated that the rule, unlike the statute, does not include a sunset date because the program will not be in operation without reauthorization by the legislature. Rep. Pettengill expressed the opinion that the sunset date should be included in the rules.

Ms. Cogil, Ms. La France and Ms. Novy expressed appreciation to the department for making changes based on previous public comment and suggested that an electronic application form be developed, that an opportunity to correct minor errors in the application be provided, and that the renewal process be expedited.

In response, Ms. Thompson stated that the department will work with applicants to correct minor errors in their applications and will continue to refine the application and renewal processes. Ms. Thompson explained that the department was not granted funding for an electronic application and renewal process. For further clarification, she distributed copies of a flow chart to illustrate the application and issuance processes as currently proposed.

In response to an inquiry from Rep. Pettengill regarding the number of people who would be affected by the law, Ms. Cogil stated that of approximately 30,000 Iowans who live with epilepsy, one-third, or 10,000, live with intractable epilepsy. Rep. Pettengill stated that legislators were told during session that 100 persons would benefit from the law, and she asked about the veracity of that number. In response, Ms. Cogil, noting that there are barriers to accessing the medication under the current law, stated that she did not know the actual number of people who might take advantage of the law but reiterated that one-third of Iowans with epilepsy have intractable epilepsy. She also noted that the only state where Iowans can legally access cannabidiol oil is Oregon, whose legal requirements for access must also be satisfied. Sen. Chelgren requested that to address the issue of access to cannabidiol oil, the department and advocacy groups collaborate on a recommendation to the legislature regarding how a dispensary authorized by the legislature, whether overseen by the state, a university or a private entity, might be operated in Iowa.

**NURSING BOARD** Kathy Cornwell represented the board.

ARC 1569C No questions on proposed amendments to ch 3 pertaining to the licensure of registered nurses, licensed practical nurses and advanced registered nurse practitioners.

**PHARMACY BOARD** Terry Witkowski represented the board.

ARC 1574C No questions on the termination of proposed 6.11 and amendments to 6.9(8)“b” pertaining to drug product selection.

ARC 1576C No action on an amendment to 8.3(3) concerning pharmacist-documented verification.

ARC 1575C No action on amendments to 10.35 regarding an annual inventory of controlled substances and the reporting of such inventory when there is a change in ownership of a pharmacy.

**PUBLIC EMPLOYMENT RELATIONS BOARD** Ann Smisek and Diana Machir represented the board.

ARC 1583C No action on ch 16 and amendments to chs 1 to 3, 6, 7 and 9 to 11 pertaining to an electronic document management system.

ARC 1570C No questions on the proposed rescission of 1.8 and the adoption of chs 13 and 14 regarding mediators and arbitrators.

**REVENUE DEPARTMENT** Jim McNulty, Victoria Daniels and Julie Roisen represented the department. Other interested parties included Dustin Miller of the Iowa League of Cities and Kathy Croker, Buena Vista county assessor.

ARC 1590C Proposed amendments to chs 12, 38, 40 to 43, 46, 49, 52, 58 and 70 concern the biodiesel production fund; individual income, corporation income and franchise taxes; and the renewable energy tax credit for replacement tax.

Revenue Department (continued)

- In response to an inquiry from Sen. Courtney, Mr. McNulty stated that taxpayers eligible for the tax exemption for military retirement pay set forth in 40.80 will be informed of their eligibility by the federal Defense Finance and Accounting Service (DFAS) and will receive a 1099R from the Internal Revenue Service. Mr. McNulty also explained how the tax exemption will be applied.
- ARC 1589C Proposed amendments to 42.48, 52.44 and 58.22 pertain to the solar energy system tax credit for individual income, corporation income and franchise taxes. In response to an inquiry from Sen. Chelgren, Mr. McNulty stated that the solar energy system tax credits are nonrefundable and nontransferable and can be carried forward and credited to a taxpayer's tax liability for the following ten years.
- ARC 1593C Proposed amendments to ch 71 relate to the multiresidential property tax classification. The amendments implement new Iowa Code section 441.21(13), which was enacted by 2013 Iowa Acts, Senate File 295, and which takes effect on January 1, 2015.
- Ms. Daniels stated that Senate File 295 created a new classification of property for property taxation purposes called "multiresidential." This Notice sets forth the multiresidential property tax classification and provides for the determination of aggregate actual values of multiresidential real estate, the valuation and assessment of property classified as multiresidential, and the valuation and assessment of property with a dual classification.
- Discussion pertained to the types of property that may qualify under the multiresidential classification and to issues related to this classification, including the definition of primary use, the assessment process, the effect of the rule, and legislative solutions.
- Ms. Roisen stated that the primary concern of stakeholders is to understand what types of property qualify for the multiresidential classification pursuant to Senate File 295. She explained that regarding the classification of property, some parties believe that the intention of the statute is to classify any property with both commercial and residential uses as multiresidential, while other parties believe that the classification should be based on primary use. Ms. Roisen stated that there is no specific definition of primary use in the Iowa Code but that the primary use of each type of real estate has been and continues to be stated within the description of each type of real estate. Based on the recommendation of department attorneys and the attorney general's office regarding the interpretation of Senate File 295, to which the department concurs, the rules reflect that the multiresidential classification should be based on primary use.
- Ms. Roisen explained that due to the new multiresidential classification, stakeholders have expressed concern regarding the assessment process. She explained that to assess a multiresidential property, assessors would continue to use the same valuation techniques, i.e., a cost, income or market approach, to arrive at a total value and then use whichever approach is appropriate to allocate the values to the two different classes of property. Stakeholders have, as a result, expressed concern regarding the potential for the classification of a property as all multiresidential when there is a commercial use on the first floor and the assessor has determined that, with three residential units or more, the primary use is for human habitation. Ms. Roisen stated that the multiresidential classification based on primary use will result in decreased revenue to local governments and noted that this classification of property is ineligible for a replacement claim, whereas commercial property and industrial property are eligible. Ms. Daniels stated that the issues related to the multiresidential classification will need to be addressed by the legislature during the next session.
- Mr. Miller expressed concern regarding the absence of a definition of primary use, which may cause variations in the assessment of property statewide and lead to inequitable decisions from a taxpayer's or local government's perspective. Ms. Croker stated that the intent of the legislation as it relates to primary use should be clarified and that the main concern is fairness to the taxpayer.
- Ms. Daniels stated that the department will file an Amended Notice of Intended Action to provide for a public hearing regarding the rule making.



**TRANSPORTATION DEPARTMENT** Kim Snook represented the department.

ARC 1601C No questions on proposed amendments to chs 602, 605, 607 and 630 pertaining to Iowa driver’s licenses and nonoperator’s identification cards. In response to an inquiry from Sen. Chelgren, Ms. Snook stated that when a driver’s license or nonoperator’s identification card is reported lost, stolen or destroyed and is replaced by a duplicate, the original license or ID card, identified by its issue date, is designated as obsolete in the department’s record.

Transportation Department (continued)

ARC 1612C No action on 634.11 and amendments to 604.31 pertaining to driver education by a teaching parent and to driving tests.

**TREASURER OF STATE** Stefanie Devin represented the treasurer of state.

ARC 1613C No questions on proposed amendments to 15.1(3) and 15.2 pertaining to required public funds custodial agreement provisions. Rep. Pettengill commended the treasurer of state for reaching a consensus with stakeholders on the amendments.

**UTILITIES DIVISION** David Lynch, Suzanne Smith and Gary Stump represented the division.

ARC 1563C Proposed amendments to 1.9(5)“c” and ch 39 pertain to eligibility, certification and reporting requirements for eligible telecommunications carriers and related confidentiality provisions. In response to inquiries from Rep. Pettengill, Mr. Lynch stated that the Federal Communications Commission (FCC) governs the program and that the division designates and certifies to the FCC the telecommunications carriers that are eligible to receive support from the federal universal service fund. He also stated that criteria for eligibility include offering certain services such as Lifeline and link-up services. Mr. Lynch stated that small telecommunications companies in rural areas will continue to receive funds to support their activities. Ms. Smith added that an updated broadband map is available on the Web site of the FCC.

ARC 1600C No questions on proposed amendments to ch 15 regarding the extension of time limits for renewable energy tax credits.

**Committee business** The minutes of the August 5, 2014, meeting were approved. The next meeting was scheduled for Tuesday, October 14, 2014, at 9 a.m.

Adjourned The meeting was adjourned at 2:55 p.m.

Respectfully submitted,

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Stephanie A. Hoff

APPROVED:

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Chair Wally Horn

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Vice Chair Dawn Pettengill