



ADMINISTRATIVE RULES – FISCAL IMPACT SUMMARIES

Section 17A.4(3) Iowa Code Supplement requires the Legislative Services Agency (LSA) to analyze the fiscal impact of all administrative rules with an impact of \$100,000 or more and provide a summary of the impact to the Administrative Rules Review Committee (ARRC). Fiscal Impact Statements filed by State agencies can be found on our website at http://staffweb.legis.state.ia.us/lfb/docs/Admin_Rules/arfiscal_notes.htm.

DEPARTMENT OF ADMINISTRATIVE SERVICES

ARC 5485B

Rule Summary The Iowa Technology Governance Board, in conjunction with the Department of Administrative Services, develops and adopts information technology operational standards. The proposed amendment establishes the process for approval and adoption of technical operational standards, including a public comment period. The rule applies to all participating agencies as defined in Chapter 25.

Fiscal Impact No fiscal impact.

ARC 5484B

Rule Summary Allows agencies to request additional time to comply with adopted security operational standards or to request a variance in the implementation of a standard. Also, establishes authority to assess compliance with security operational standards and procedures for enforcing noncompliance. The new rule applies to all participating agencies as defined in Chapter 25.

Fiscal Impact The fiscal impact cannot be determined.

STAFF CONTACT: Jess Benson (Ext. 14613)

AGRICULTURAL DEVELOPMENT AUTHORITY

ARC 5489B and ARC 5483B

Rule Summary Implements Senate File 2268 (FY 2007 Agricultural Asset Transfer Tax Credit Act). The Act provides Iowa income tax credits for owners of agricultural assets who help beginning farmers acquire agricultural property by lease or rental agreements. The tax is effective January 1, 2007.

Fiscal Impact An assumption was made that 100 tax credits would be issued in the first year of the program, and the average tax credit certificate issued would be \$1,700. The tax credit amount reflects the average-size tax credit issued in Nebraska, which has a similar program. The number of tax credits issued in Iowa is about double the

Table of Contents:

Department of Administrative Services – p. 1	Interior Design Examining Board – p. 13
Agricultural Development Authority – p. 1	Iowa Finance Authority – p. 13
Department of Agriculture and Land Stewardship – p. 2	Parole Board – p. 13
Architectural Examining Board – p. 2	Pharmacy Examiners Board – p. 14
Banking Division – p. 3	Department of Public Health – p. 16
College Student Aid Commission – p. 3	Department of Public Safety – p. 16
Credit Union Division – p. 3	Records Commission – p. 18
Department of Economic Development – p. 4	Department of Revenue – p. 18
Department of Education – p. 5	Savings and Loan – p. 19
Environmental Protection Commission – p. 5	Secretary of State – p. 20
Ethics and Campaign Disclosure Board – p. 7	Department of Transportation – p. 20
Department of Human Services – p. 8	Utilities Division – p. 20
Department of Inspections and Appeals – p. 10	Department of Veterans Affairs – p. 21
Insurance Division – p. 11	Workers' Compensation Division – 21

Administrative Rules – Fiscal Impact Summaries

November 20, 2006

2

number issued in Nebraska. The State's experience with other programs indicates that Iowa does double the volume in agricultural programs offered by both states. Expenses are based on experience with other programs.

The total tax credits issued was stratified by income level of the taxpayer. While there are fewer high-income farmers that could use the program, a higher percentage of the high-income group would use the program since they receive a greater benefit as they have a greater State tax liability.

Based on the fiscal note for SF 2268, the sales tax exemption is projected to reduce net General Fund sales tax revenue by \$1.3 million per year and local option sales tax revenue by \$320,000 per year, beginning in FY 2007. The income tax credits are projected to reduce net General Fund revenue by \$70,000 in FY 2007, increasing to \$510,000 in FY 2013 and beyond.

STAFF CONTACT: Sam Leto (Ext. 16764) Jeff Robinson (Ext. 14611)

DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP

ARC 5458B

Rule Summary Establishes procedures to govern the administration of the Grape and Wine Development Fund by the Department of Agriculture and Land Stewardship in accordance with Chapter 175A, Code of Iowa.

Fiscal Impact No fiscal impact.

ARC 5453B

Rule Summary This amendment is in response to a petition filed on behalf of the Iowa Quarterhorse Association to relax the rules allowing for the registration of quarterhorse foals that are the result of an embryo transfer from a donor mare to a recipient mare. The amendment permits the quarterhorse foal to be registered in the Iowa-foaled horse and Iowa-whelped dog breeding program without requiring that the donor mare be maintained in Iowa until after the foal is born and has been inspected. The amendment applies only to a quarterhorse foal since a foal resulting from an embryo transplant is not currently eligible to participate in the Iowa-foaled horse and Iowa-whelped dog breeding program if the foal is a thoroughbred or a standardbred.

Fiscal Impact There may be a minimal increase in the number of quarterhorse foals to be inspected; however, the increase cannot be projected. This rule will permit a few quarterhorse breeders to register foals more easily if the foal was conceived using embryo transplant technology. This will minimally increase the workload of the Department's Horse and Dog Bureau, but will not require additional staffing or any significant new expenses. There is no cost to the public. There may be some unspecified savings.

STAFF CONTACT: Debra Kozel (Ext. 16767)

ARCHITECTURAL EXAMINING BOARD – DEPARTMENT OF COMMERCE

ARC 5445B

Rule Summary Provides a registrant the opportunity to reinstate to "inactive" status if the registrant is no longer providing architectural services in the State and rescind the requirement that an architectural firm renew an Authorization to Practice Architecture as a Business Entity once the initial application is approved. The Board, however, will

Administrative Rules – Fiscal Impact Summaries

November 20, 2006

3

continue to require that firms provide notification of any change in business name, address, or ownership.

Fiscal Impact Minimal fiscal impact is expected. There will be a new biennial fee of \$100 to allow current licensees to register as inactive. Currently, all active and inactive licensees pay a biennial fee of \$200, regardless their status. If fees are not paid on time, the license lapses and an architectural firm must re-apply to be licensed to practice architecture in Iowa. The Board determined that 92 individuals did not renew their license for the 2006-2008 biennial period.

STAFF CONTACT: Sam Leto (Ext. 16764)

BANKING DIVISION – DEPARTMENT OF COMMERCE

ARC 5487B

Rule Summary Amends existing rules to permit greater acceptance of debit cards at merchant locations.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Sam Leto (Ext. 16764)

COLLEGE STUDENT AID COMMISSION

ARC 5448B

Rule Summary The changes align the Commission's rules with statutory changes made in HF 2527 (FY 2007 Education Appropriations Act). Specifically, the rules address changes resulting from the update to the definition of eligible borrower. The changes increase the Commission's guarantee to a broader range of lenders, ensure protection of the Commission's portfolio in consolidations, and conform to federal changes.

Fiscal Impact No fiscal impact.

ARC 5462B

Rule Summary The changes align the Commission's rules with recent federal changes regarding student loan debt collection.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Mary Shipman (Ext. 14617)

CREDIT UNION DIVISION – DEPARTMENT OF COMMERCE

ARC 5488B

Rule Summary In regard to electronic transfer of funds, revises the definition of "front-end processor" to include processors driving Iowa point-of-sale debit card terminals that utilize a second processor, certified with a central processing unit as a gateway to transmit Iowa cardholder transactions to the central processing unit.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Sam Leto (Ext. 16764)

Administrative Rules – Fiscal Impact Summaries

November 20, 2006

4

DEPARTMENT OF ECONOMIC DEVELOPMENT

ARC 5439B

Rule Summary Amends the definition of benefits under the High Quality Job Creation Program and under the Grow Iowa Values Fund financial assistance projects.

Fiscal Impact No fiscal impact.

ARC 5440B

Rule Summary Adds definitions, including blighted areas and transportation enterprise zones, extends the time period from March 1, 2006 to July 1, 2010, for applying for a zone, and makes eligibility and boundary changes regarding zones. The rules implement SF 2147 (FY 2007 Enterprise Zones, Project Location Act) and SF 2183 (FY 2007 Distribution Center Enterprise Zone Act).

Fiscal Impact The Department reports that the fiscal impact cannot be determined; however, the fiscal notes for the two Acts estimate a reduction to the General Fund of \$129.5 million through FY 2012. The estimate is based on the historic average costs and utilization of Enterprise Zones. Investment Tax Credits are approximately 89.0% of the estimated costs. The fiscal impact does not include an adjustment for “indirect” impacts on State or local revenue. Both positive and negative indirect impacts are possible. Positive indirect impacts may include employees expending salary dollars within the State and growth in other businesses created and expanded to meet the needs of the new business. Negative indirect impacts may include the effect of the new business on other Iowa businesses when competing for labor, capital, and sales, as well as the additional demand for schools, roads, police and fire protection, and other government services that necessarily result from higher levels of employment and population.

ARC 5441B

Rule Summary Implements HF 2782 (FY 2007 Infrastructure Appropriations Act) as it relates to Port Authorities.

Fiscal Impact The fiscal impact is anticipated to be minimal. The Act appropriated \$80,000 from the Rebuild Iowa Infrastructure Fund (RIIF) for the creation and operation of Iowa port authorities.

ARC 5442B

Rule Summary Implements HF 2731 (FY 2007 Pilot Project New Tax Incentive Act) as it relates to the Targeted Jobs Withholding Tax Credit Program. Based upon public comment, the rules have been changed to include “retained jobs” when referencing eligible jobs/employees under the Program.

Fiscal Impact The Department reports that the fiscal impact cannot be determined; however, the fiscal note estimates a decrease to the General Fund of \$12.0 million through FY 2012. The fiscal impact does not include an adjustment for “indirect” impacts on State or local revenue. Both positive and negative indirect impacts are possible. Positive indirect impacts may include employees expending salary dollars within the State and growth in other businesses created and expanded to meet the needs of the new business. Negative indirect impacts may include the effect of the new business on other Iowa businesses when competing for labor, capital, and sales, as well as the additional demand for schools, roads, police and fire protection, and other government services that necessarily result from higher levels of employment and population. Since HF 2731 allowed two cites to qualify as pilot projects for a new tax

Administrative Rules – Fiscal Impact Summaries

November 20, 2006

5

incentive equal to 3.0% of the wages paid employees in created or retained jobs, the change to the rules does not change the estimated fiscal impact.

ARC 5443B

Rule Summary Adds a definition of “employee” that is applicable to all of the Department’s State direct financial assistance programs and tax credit programs.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Ron Robinson (Ext. 16256)

DEPARTMENT OF EDUCATION

ARC 5415B

Rule Summary Provides detail for the handling of an administrative appeal by a resident district protesting a decision of a late-filed open enrollment request by a receiving district. Also, clarifies that the exception of “continuous enrollment” is not available to the parent/guardian of a child entering kindergarten for the first time. Other changes include clean-up language.

Fiscal Impact No fiscal impact.

ARC 5424B

Rule Summary Updates regulations in Chapter 44 regarding how school buses are equipped in response to changes in technology, updates in pertinent federal regulations and terminology, and to make Iowa more compliant with national standards.

Fiscal Impact The changes affect buses purchased after November 15, 2006. Statewide school districts purchase 350 to 400 school buses annually. Most changes do not have a fiscal impact. The changes with an associated per bus cost are: daytime running lamps (\$21), two-speed windshield wiper system with intermittent feature (\$22), back-up alarm (\$21), seatbelt webbing cutter (\$16), electronic child check monitor (\$113), rubber mud flaps (\$21), 28-inch New York style seats (\$249 for the most common 66-seat units), and a folding stirrup step or recessed foothold (\$3). The annual cost increase is projected to be between \$164,000 and \$187,000 total for all school districts.

ARC 5416B

Rule Summary Rescinds Chapter 62 (Educational Improvement Projects). The legislation these rules were to implement was never funded, and the legislation has been repealed. This chapter is no longer needed.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561)

ENVIRONMENTAL PROTECTION COMMISSION – DEPARTMENT OF NATURAL RESOURCES

ARC 5450B

Rule Summary Specifies that companies processing waste glass into a new raw material or recycled product are eligible for a limited property tax exemption. The rule changes include examples of property typically eligible for the property tax exemption. House File 2633 (FY 2007 Glass Recycling Property Tax Exemption Act) provides the property tax exemption.

Administrative Rules – Fiscal Impact Summaries

November 20, 2006

6

Fiscal Impact	<p>Minimal fiscal impact. Costs to the State to administer the rule change are approximately \$1,000 in year one and \$500 in succeeding years.</p> <p>The amount of lost revenue from property taxes in local communities is difficult to estimate due to lack of knowledge of the following issues:</p> <ul style="list-style-type: none">• The number of businesses that will apply for and receive the exemption is unknown.• The value of property to be exempted is unknown.• Some businesses may be eligible but may not be paying taxes currently as a result of some other local incentive package.
Rule Summary	<p style="text-align: right;">ARC 5449B</p> <p>Pertains to requirements of the Public Water Supply Program for design and operation. Construction permits are required of all systems for any construction, installation, or modification of any project that affects a public water supply system. Construction permit fees are assessed to the public water supplies depending upon the project type, with a cap on the fees for a specific project currently in rule. The proposed amendments will institute a cap on the fees collected from a public water supply system owner during a calendar year. Currently, a few public water supply system owners are paying more than the maximum amount that was originally anticipated when the fee schedule was developed in 2004. This rulemaking will institute a cap on the per-system owner construction permit fees in each calendar year.</p>
Fiscal Impact	<p>Fees are currently charged for construction permits at public water supply systems. In the current rule, there is a cap on the fees that is specific to each project. The proposed rule will cap the construction permit fees for the public water supply system owners during the calendar year. It is estimated that five to seven system owners are or soon will be paying fees above the proposed fee cap. Their annual expenditure will be reduced as a result of this rule change. It is estimated that the water supply construction fees paid to the Department of Natural Resources (DNR) will be reduced by approximately \$25,000 to \$30,000 per year.</p>
Rule Summary	<p style="text-align: right;">ARC 5460B</p> <p>The Grants to Counties Program, which provides for the transfer and accounting of program funds to counties, was transferred from the DNR to the Department of Public Health (DPH) on July 1, 2002. The technical assistance portion of the program, which provides education to the 98 participating counties on the proper plugging, renovation, and testing of private wells, is still provided by the DNR's Water Supply Operations Section staff. These new rules institute several program changes:</p> <ul style="list-style-type: none">• The county contracts will be administered through the county board of health, instead of by the county board of supervisors.• Fee changes are established.• Water well tests will be completed by a "qualified" county employee. Counties will not be able to distribute water test kits to homeowners for sampling.
Fiscal Impact	<p>No fiscal impact.</p>

Administrative Rules – Fiscal Impact Summaries

November 20, 2006

7

ARC 5459B

Rule Summary Provides changes to federal regulations for federal effluent and pretreatment standards associated with analytical methods. The State must update rules to comply with federal requirements of the National Pollutant Discharge Elimination System (NPDES) Program.

Fiscal Impact The DNR is required to adopt effluent and pretreatment standards at least as stringent as the federal standards to have continued approval of the Environmental Protection Agency to operate the NPDES program. Since this is a federal program, entities affected must comply, whether or not the rules are adopted by the State.

At this time the DNR cannot determine how many facilities might be affected by these rules or the cost to the facilities, either individually or in the aggregate, to comply with these standards. Some facilities may incur expenses to install and operate additional equipment or controls, while others may have no change in expenses.

STAFF CONTACT: Debra Kozel (Ext. 16767)

ETHICS AND CAMPAIGN DISCLOSURE BOARD

ARC 5472B

Rule Summary Reflects statutory changes, removes unnecessary Board rules, combines other rules, and rewrites the current prohibition on the use of information on statements and reports filed with the Board.

Fiscal Impact No fiscal impact.

ARC 5474B

Rule Summary Corrects a citation to a recently renumbered rule concerning final disclosure reports filed by election committees.

Fiscal Impact No fiscal impact.

ARC 5475B

Rule Summary Removes the \$50 cap on the ability of candidates to use campaign funds to purchase tickets to a meal for the purpose of enhancing the candidacy of any person.

Fiscal Impact No fiscal impact.

ARC 5476B

Rule Summary Reflects current Board policies regarding the resolution of published political materials that does not contain a “paid for by” attribution.

Fiscal Impact No fiscal impact.

ARC 5478B

Rule Summary Relates to when a permanent organization makes a one-time contribution in excess of \$750, and provides penalties for failing to file the proper form with the Board.

Fiscal Impact The fiscal impact cannot be determined, but is anticipated to be minimal.

ARC 5479B

Rule Summary Reflects current Board policy regarding notification to the regulated community and the public that certain statutes outside the Board’s jurisdiction prohibit persons who

Administrative Rules – Fiscal Impact Summaries

November 20, 2006

8

hold government positions from engaging in political activities. The Board maintains this list of governmental positions on its web site.

Fiscal Impact No fiscal impact.

ARC 5480B

Rule Summary Reflects the statutory changes that add “lease” to the requirement that an official or employee of a regulatory agency obtain the agency’s consent prior to selling goods or services.

Fiscal Impact No fiscal impact.

ARC 5471B

Rule Summary Reflects statutory changes that add “leases” to the prohibition on a member of the Governor’s Office from selling goods or services to a lobbyist or to a person that employs a lobbyist without proper consent. A blanket consent provision to allow the Governor’s Office to approve a class of sales or leases is also provided.

Fiscal Impact Minimal fiscal impact. The Governor’s Office may file copies of new consents with the Board.

ARC 5461B

Rule Summary Reflects statutory changes that direct the Board to impose discipline for violations of Chapters 68A and 68B, Iowa Code, Section 8.7, Iowa Code Supplement, or rules adopted by the Board.

Fiscal Impact Minimal fiscal impact. There may be some enforcement actions initiated for violations.

STAFF CONTACT: Sam Leto (Ext. 16764)

DEPARTMENT OF HUMAN SERVICES

ARC 5413B

Rule Summary Changes allow people to apply for Food Assistance using an electronic application available on the internet.

Fiscal Impact Development costs during FY 2005, FY 2006, and FY 2007 have totaled \$37,500 from the General Fund, \$100,000 from the Iowa Access Fund, and \$137,500 in federal matching funds, for a total of \$275,000. The Department is close to completing the development of the form. There are no on-going costs associated with use of the form.

ARC 5414B and ARC 5417B

Rule Summary Adds Case Management as a covered service under the Medicaid Home and Community-Based Services (HCBS) Elderly Waiver. Also, specifies a maximum rate of \$70 per month for the new service, while the statute specifies that \$70 is to be an average rate.

Fiscal Impact Funds have been appropriated for FY 2007, including \$2.4 million in State funds and \$2.9 million in federal funds. It is expected that the infusion of federal funding will lead to a savings of \$200,000 for FY 2007. Assuming an increase of 11.4% in average enrollment, a decrease in the Federal Medical Assistance Percentage match rate, an estimate of 10 units of service per client, and a reimbursement rate of \$70

Administrative Rules – Fiscal Impact Summaries

November 20, 2006

9

per month, it is estimated that an additional \$600,000 will be needed to fully fund case management in FY 2008.

ARC 5438B

Rule Summary

Changes increase reimbursement rates by 3.0% for Medicaid and Rehabilitative Treatment and Support Services (RTSS) and social service providers, and provides for increases in foster care, adoption maintenance subsidy, and supervised apartment living rates. In addition, the changes clarify the way that emergency juvenile shelter providers are paid by the DHS and specify the number of emergency shelter beds to be available through contracts in FY 2007. Also, continues the reimbursement for non-emergency medical transportation at 30 cents per mile until June 30, 2007.

Fiscal Impact

Medicaid Providers – Funding of \$18.6 million for the Medicaid provider increase was provided in HF 2734 (FY 2007 Health and Human Services Appropriations Act). It is estimated that the change in the Federal Medical Assistance Percentage (FMAP) in FY 2008 will result in an increased funding need of an estimated \$400,000. Additional funding will likely correlate with overall growth in Medicaid and cannot be determined at this time.

Social Service Providers – House File 2734 provided \$305,000 in the Child and Family Services appropriation to cover the increase for these providers in FY 2007. It is estimated that an increase of \$1,100 will be needed in FY 2008 due to changes in the Federal Financial Participation Rate (FFPR).

RTSS Providers – House File 2734 provided \$2.0 million in the Child and Family Services appropriation to cover the increase for these providers in FY 2007. It is estimated that an increase of \$15,000 will be needed in FY 2008 due to changes in the FFPR.

Foster Care, Adoption Subsidy, and Supervised Apartment Rates – House File 2734 provided \$576,000 for these rates in FY 2007. It is estimated that an increase of \$6,000 will be needed in FY 2008 due to changes in the FFPR.

Mileage Reimbursement – Maintaining the mileage reimbursement rate of \$0.30 per mile for Promise Jobs and Medicaid will cost an estimated \$951,000 in FY 2007. This amount will need to be added to the FY 2007 Medicaid supplemental request.

ARC 5436B

Rule Summary

Clarifies that the four-month premium payment requirement in IowaCare applies only once during a period of continuous enrollment and not to each certification period; provides that a different form be used for re-enrollment; allows workers more time to determine eligibility upon re-enrollment as long as it is done timely; clarifies that those eligible under Medicaid for Young Adults (MYA) are not eligible for IowaCare and that IowaCare applicants are now required to verify their citizenship, per new federal Medicaid regulations; and makes technical changes to update citations and IowaCare premium amounts.

Fiscal Impact

These rules will have a positive fiscal impact of \$18,200 to the Health Care Transformation Account in FY 2007 due to increased premiums.

Administrative Rules – Fiscal Impact Summaries

November 20, 2006

10

ARC 5434B
Rule Summary Incorporate statutory changes that allow the Department to waive all or part of the 30-hour pre-service training program that is required of people applying to become foster parents, and applies the same standard to prospective adoptive parents.

Fiscal Impact No fiscal impact.

ARC 5418B and ARC 5419B
Rule Summary Relates to funding for county operation of the State Cases Program. Also, revises and clarifies rules previously adopted under emergency rule-making power.

Fiscal Impact No fiscal impact. An additional \$1.9 million was appropriated for FY 2007.

ARC 5435B
Rule Summary Increases the amount adoptive parents may be reimbursed for reasonable court costs and other expenses from the current \$500 limit to a maximum of \$700 for non-recurring fees, including attorney fees as specified by statute.

Fiscal Impact The fiscal impact is anticipated to be an increase in Adoption Subsidy Program expenditures of \$207,000 in FY 2007, if the maximum amount allowed for legal fees is paid for 1,035 children. Of this, \$103,500 (50.0%) will be paid from State funds and 50.0% will be paid from federal Title IV-E funds.

ARC 5420B
Rule Summary Incorporates requirements of a federal five-year demonstration waiver that will allow for the implementation of a Subsidized Guardianship Program using federal Title IV-E funds to provide financial assistance to guardians of eligible children.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Lisa Burk (Ext. 17942) Kerri Johannsen (Ext. 14611) Sue Lerdal (Ext. 17794)

DEPARTMENT OF INSPECTIONS AND APPEALS

ARC 5431B
Rule Summary Changes to more closely reflect the current federal Medicare rules, which now provide a reimbursement system for long-term acute care hospitals. The proposed amendments are expressly limited to the licensure of a long-term acute care hospital within a currently licensed hospital. The proposed amendments also specifically exclude specialty hospitals currently recognized within the federal Medicare system.

Fiscal Impact The Department is unable to determine the fiscal impact associated with the proposed amendments. The number of possible long-term acute care hospitals that might be created as a result of these rules is unknown. Also unknown is the cost of construction for a hospital. The proposed amendments do not mandate the creation of long-term acute care hospitals, but rather, permit the establishment of such hospitals. Adoption of the proposed amendments also do not impact the actions of the Health Facilities Council located in the Department of Public Health, which must approve new or expanded medical services in the State.

ARC 5432B
Rule Summary The adopted rules remove from various chapters confusing and inconsistent language concerning death records of residents.

Administrative Rules – Fiscal Impact Summaries

November 20, 2006

11

Fiscal Impact No fiscal impact.

ARC 5429B

Rule Summary The proposed amendments permit long-term care facilities to establish person-directed care environments, which are defined as facilities or portions of facilities in which the provision of care or services promotes decision-making and choices by the residents, enhances the primary caregiver's capacity to respond to each resident's needs, and promotes a home-like environment. The proposed rules eliminate regulatory barriers to the establishment of person-directed care environments by inserting resident choice in various provisions, including those dealing with resident clothing, bathing, living arrangements, care and treatment plans, medication administration, and meal planning. Additionally, the proposed amendments remove certain restrictions on employee duties permitting them to serve in dual capacities, such as resident care and meal preparation.

Fiscal Impact The Department is unable to determine the fiscal impact associated with the proposed amendments. The number of possible nursing facilities that might want to undertake new construction or renovations to existing buildings to establish person-directed care environments is unknown. Also unknown is the cost of construction or renovation associated with implementation of the rules. The proposed amendments do not mandate the creation of person-directed care environments, but rather, permit nursing facilities to create an alternate living environment for their residents.

ARC 5430B

Rule Summary The proposed amendments strike the requirement that long-term care facilities receiving reimbursement through the Medicaid program submit the names of all new residents to the Iowa Department of Veterans Affairs for the purpose of identifying residents' eligibility or potential eligibility for benefits through the United States Department of Veterans Affairs. The proposed amendments stipulate that long-term care facilities need only submit the names of those residents identified as potential veterans, along with the names of their spouses and any dependent children.

Fiscal Impact No fiscal impact.

ARC 5433B

Rule Summary Corrects an error in the rule pertaining to contractual services for which facilities may receive reimbursement from the State Medical Assistance Program. The current rule states that facilities shall hold open a resident's bed for at least 18 days per year. The amendment changes the number of days a resident's bed may be held open to at least 30 days per year, and further provides that either a physician or a qualified mental retardation professional may authorize a resident's temporary absence from the facility. These changes are consistent with the procedures used by the Medical Assistance Program.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Douglas Wulf (Ext. 13250)

INSURANCE DIVISION – DEPARTMENT OF COMMERCE

ARC 5490B

Rule Summary Updates and clarifies rules for contested case proceedings followed by the Division. Iowa insurance companies and producers are to comply with these rules beginning January 1, 2007.

Administrative Rules – Fiscal Impact Summaries

November 20, 2006

12

Fiscal Impact No fiscal impact.

ARC 5498B

Rule Summary Specifies the requirements, procedures, and fees relating to the qualification, licensure, and appointment of insurance producers. The proposed amendments to the rules are in accordance with uniform guidelines issued by the National Association of Insurance Commissioners. Iowa insurance companies and producers are to comply with these rules beginning January 1, 2007.

Fiscal Impact No fiscal impact.

ARC 5499B

Rule Summary Specifies the continuing education requirements for insurance producers. The proposed amendments to the rules are in accordance with uniform guidelines issued by the National Association of Insurance Commissioners. Iowa insurance companies and producers are to comply with these rules beginning January 1, 2007.

Fiscal Impact No fiscal impact.

ARC 5492B

Rule Summary Describes the procedures for the filing of property and casualty rates and forms for approval by the Division. Also, sets forth changes to the procedures that are intended to make the filing and approval process more efficient. Iowa insurance companies and producers are to comply with these rules beginning January 1, 2007.

Fiscal Impact No fiscal impact.

ARC 5495B

Rule Summary Describes the procedures for the filing of life insurance policy rates and forms for approval by the Division. Also, sets forth changes to the procedures that are intended to make the filing and approval process more efficient. Iowa insurance companies and producers are to comply with these rules beginning January 1, 2007.

Fiscal Impact No fiscal impact.

ARC 5497B

Rule Summary Describes the procedures for the filing of accident and health insurance rates and forms for approval by the Division. Also, sets forth changes to the procedures that are intended to make the filing and approval process more efficient. Iowa insurance companies and producers are to comply with these rules beginning January 1, 2007.

Fiscal Impact No fiscal impact.

ARC 5444B

Rule Summary Provides standardization and simplification of terms and coverage of individual accident and sickness insurance policies and individual subscriber contracts of hospital, medical, and dental service corporations. The proposed amendments are in accordance with model language issued by the National Association of Insurance Commissioners. Iowa insurance companies and producers are to comply with the rules beginning January 1, 2007, for policies issued on or after January 1, 2007.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Sam Leto (Ext. 16764)

Administrative Rules – Fiscal Impact Summaries

November 20, 2006

13

INTERIOR DESIGN EXAMINING BOARD – DEPARTMENT OF COMMERCE

ARC 5455B

Rule Summary Adopts new Chapter 1, which provides structure and organization for the Board, and new Chapter 2, which includes transition rules for applicants to register as interior designers through June 30, 2007.

Fiscal Impact SF 405 (Interior Design Title Act), enacted during the 2005 Legislation Session, established the Interior Design Examining Board. At the time of passage, the Board was to establish a biannual fee for a Registered Interior Designer of approximately \$344 assuming 250 applicants registered, and approximately \$688 assuming 125 registered. The fiscal note for SF 405 estimated minimal fiscal impact, regardless of the fee. Chapter 2 of the Iowa Administrative Code states that the current fee is \$350 per applicant for a two-year license.

STAFF CONTACT: Sam Leto (Ext. 16764)

IOWA FINANCE AUTHORITY

ARC 5452B

Rule Summary Establishes procedures and requirements for closing protection letters and for suspension or termination of Title Guaranty Division participants. The rules have been revised since the notice was filed.

Fiscal Impact The fiscal impact cannot be determined. The rule allows the sale of closing protection letters, which sales generate funds for the Title Guaranty Division. It is possible that the Division will at some point have to pay claims pursuant to such letters. By statute, any claims against the Title Guaranty Division are claims against only the Title Guaranty Fund and not claims against the State. The proposed changes, since the rule was noticed, do not change the fiscal impact.

ARC 5456B

Rule Summary Reflects amendments to Section 16.183, Code of Iowa, made by HF 2734 (FY 2007 Health and Human Services Appropriations Act), and adds health and wellness, health screening, and nutritional assessments to the specific community-based services. The amendments set forth certain criteria that must be met by projects in order to be eligible for assistance under the Home and Community-Based Services (HCBS) Revolving Loan Program.

Fiscal Impact The fiscal impact is anticipated to be minimal. The proposed rules expand the program guidelines for the HCBS Revolving Loan Program. Any new costs are anticipated to be small.

STAFF CONTACT: Ron Robinson (Ext. 16256)

PAROLE BOARD

ARC 5454B

Rule Summary Updates the Parole Board's address with their new location in the Jesse Parker Building.

Fiscal Impact No fiscal impact.

Administrative Rules – Fiscal Impact Summaries

November 20, 2006

14

ARC 5504B
Rule Summary Adds language that a voluntary termination of parole is required to be reviewed by an Administrative Law Judge, and that the authority to determine incarceration rests with the administrative parole judge and not the parole officer.

Fiscal Impact No fiscal impact.

ARC 5503B
Rule Summary Provides that an inmate who is on “work release day reporting status” to be entitled to the same procedural rights as parolees. This is existing practice in compliance with a U.S. Supreme Court decision.

Fiscal Impact No fiscal impact.

ARC 5505B
Rule Summary Provides that an inmate on parole who is convicted and sentenced for an aggravated misdemeanor offense is subject to automatic revocation of parole. This is existing practice in compliance with Section 908.10A, Code of Iowa.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

PHARMACY EXAMINERS BOARD – DEPARTMENT OF PUBLIC HEALTH

ARC 5473B
Rule Summary Changes require an applicant for licensure to practice pharmacy to submit evidence of satisfactory completion of required internship experience before the Board will certify the applicant as eligible to take any of the licensure examination components.

Fiscal Impact No fiscal impact.

ARC 4880B and ARC 5465B
Rule Summary The Board is terminating this filing, originally published in the February 15, 2006, Iowa Administrative Bulletin as ARC 4880B, due to the expiration of the 180 days allowed for a filing of Notice of Intended Action. The Board is filing a new Notice of Intended Action (ARC 5466B) relating to the amendments addressed by the original filing.

Fiscal Impact No fiscal impact.

ARC 5466B
Rule Summary Changes authorize pharmacists in charge to designate pharmacy technicians who may be present in the pharmacy to perform authorized activities in the absence of a pharmacist. The changes specifically identify activities that may not be performed when the pharmacy is closed and require the technician to maintain a log identifying each period of time that the technician worked in the pharmacy when the pharmacist was not on site.

Changes also reference the procedures relating to pharmacy technicians authorized by deleting the listed examples or suggestions of pharmacy references within each category of required references for a hospital pharmacy, and establish requirements for pharmacist review of medication orders when the hospital and pharmacy utilize an integrated electronic record system or a paperless electronic medical record system.

Administrative Rules – Fiscal Impact Summaries

November 20, 2006

15

Also, changes provide for the administration of a controlled substance to a patient in the hospital emergency department following examination by the nurse and consultation with the on-call prescriber pending arrival of the on-call prescriber and provided the prescriber examines the patient in the emergency room to determine further treatment needs.

Fiscal Impact No fiscal impact.

ARC 5470B

Rule Summary Changes delete the listed examples or suggestions of pharmacy references within each category of required reference for a general pharmacy.

Fiscal Impact No fiscal impact.

ARC 5467B

Rule Summary Changes to require that the walls enclosing a pharmacy department consist of a substantial physical barrier capable of being securely locked to prevent entry when the department is closed.

Fiscal Impact No fiscal impact.

ARC 5468B

Rule Summary Changes authorize a pharmacy technician over the age of 18 to witness the wastage of the unused portion of a controlled substance resulting from administration to a patient or from drug compounding operations.

Fiscal Impact No fiscal impact.

ARC 5477B

Rule Summary Changes eliminate the list of example publications within each category of pharmacy reference required in correctional facility pharmacy practice.

Fiscal Impact No fiscal impact.

ARC 4815B and ARC 5464B

Rule Summary The Board is terminating this filing, originally published in the January 18, 2006, Iowa Administrative Bulletin as ARC 4815B, due to the expiration of the 180 days allowed for a filing of Notice of Intended Action. The Board is filing a new Notice of Intended Action relating to the amendments addressed by the original filing.

Fiscal Impact No fiscal impact.

ARC 5469B

Rule Summary Authorizes a pharmacy to sell to a hospital pharmacy a compounded drug product prepared pursuant to a prescriber's authorization for administration to a specific patient and includes specific requirements regarding labeling and record keeping.

Fiscal Impact No fiscal impact.

ARC 5463B

Rule Summary Changes clarify certain requirements for prescriptions authorized utilizing an electronic signature, whether or not the prescription itself is transmitted from the prescriber to the pharmacy via electronic means, reiterating the pharmacist's responsibility for ensuring the validity of the prescription. Also, identifies optional security features that may be used on prescription blanks when those blanks are used to print an electronically-signed prescription for delivery to the patient.

Administrative Rules – Fiscal Impact Summaries

November 20, 2006

16

Fiscal Impact No fiscal impact.

STAFF CONTACT: Lisa Burk (Ext. 17942)

DEPARTMENT OF PUBLIC HEALTH

Rule Summary Adds language to allow sharing of newborn hearing screening information with states bordering Iowa through an agreement with the Department to the extent that the information is necessary to perform newborn hearing screening follow-up. Also, clarifies what form to use if a parent objects to the screening. **ARC 5421B**

Fiscal Impact No fiscal impact.

Rule Summary Incorporates changes to correct references, deletes obsolete rules, clarifies testing and mitigation requirements, makes changes in conjunction with the U.S. Environmental Protection Agency Radon Mitigation Standards, and makes changes necessary to adequately enforce rules. **ARC 5422B**

Fiscal Impact No fiscal impact.

Rule Summary Amendments correct references to the Code of Iowa that relate to the Emergency Information System on Pesticides that have changed since the chapter was last amended. **ARC 5457B**

Fiscal Impact No fiscal impact.

STAFF CONTACT: Lisa Burk (Ext. 17942)

DEPARTMENT OF PUBLIC SAFETY

Rule Summary Adopts rules regarding sprinklers in elevators, requiring compliance with a new rule adopted by the Labor Commissioner. **ARC 5427B**

Fiscal Impact No fiscal impact to the State. Elevator owners would already be impacted by the rules of the Labor Commissioner.

Rule Summary Updates rules for flammable and combustible liquids to prohibit the use of tank vehicles and tank cars as storage tanks, and to extend the deadline for listing dispensing equipment for E-85 to July 1, 2009. **ARC 5501B**

Fiscal Impact No fiscal impact to the State. Extending the deadline for listing dispensing equipment for E-85 to July 1, 2009 complies with HF 2754 (Renewable Fuel Incentive Act). Barring the use of tank vehicles and tank cars as storage tanks will have a financial impact on people who use these tanks as storage. The number of installations currently using these types of tanks as storage tanks is unknown.

Administrative Rules – Fiscal Impact Summaries

November 20, 2006

17

	ARC 5425B and ARC 5426B
Rule Summary	Extends the time period for contractors who work only on pre-engineered dry chemical and water-based systems to provide documentation of required training by April 1, 2007.
Fiscal Impact	No fiscal impact to the State.
	ARC 5500B
Rule Summary	Proposes adoption of the 2006 edition of the International Energy Conservation Code for residential and nonresidential construction.
Fiscal Impact	There is no anticipated State or local impact. The specific impact of the proposed adoption of the 2006 edition of those regulated is unknown.
	ARC 5446B
Rule Summary	Proposes a provision for the purchase of permissive service credit (“buy-back”), as provided in SF 2199 (FY 2007 Purchase of Service Under Retirement Systems Act), and a revision to the line of duty death benefit eligibility provided in HF 2655 (FY 2007 Recorders’ Technical Clean-Up Act).
Fiscal Impact	The “buy-back” is required to be actuarially neutral according to SF 2199, resulting in no General Fund fiscal impact and a minimal fiscal impact on the Peace Officers Retirement (POR) System Fund over time. There will be costs incurred to obtain actuarial estimates for each eligible member considering participating in the Program. In FY 2007, the total cost of obtaining actuarial estimates is not expected to exceed \$20,000, and the costs will be borne by the POR System Fund.
	ARC 5396B
Rule Summary	Amends Chapter 4 and adopts new Chapter 91 to implement procedures, requirements, and forms for the issuance and denial of weapons permits.
Fiscal Impact	No fiscal impact.
	ARC 5395B
Rule Summary	Amends Chapter 4 and adopts new Chapter 95 to update provisions for seized or forfeited weapons.
Fiscal Impact	No fiscal impact.
	ARC 5375B
Rule Summary	Amends Chapter 5 and adopts the following new Chapters: Chapter 201, “General Fire Safety Requirements,” Chapter 202, “Requirements for Specific Occupancies,” and Chapter 210, “Smoke Detectors,” with the adoption of the International Fire Code, 2006 Edition.
Fiscal Impact	No fiscal impact.
	ARC 5404B
Rule Summary	Updates references to national codes in the State Building Code. The rule also updates the plan review fee schedule and provides criteria for inspections of new construction.
Fiscal Impact	The fiscal impact for these rules cannot be determined since the additional plan review and inspection workload is unknown at this time. The Department will require

Administrative Rules – Fiscal Impact Summaries

November 20, 2006

18

additional inspections, which initially will be carried out via contract with a third party inspection service.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

RECORDS COMMISSION

ARC 5447B

Rule Summary Adds definitions to clarify rules regarding management of government records.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Robin Madison (Ext. 15270)

DEPARTMENT OF REVENUE

ARC 5494B

Rule Summary Implements HF 2754 (FY 2007 Renewable Fuel Incentive Act) and HF 2759 (FY 2007 Renewable Fuel Infrastructure Act), which provide various tax and infrastructure incentives for ethanol-blended and biodiesel-blended fuels.

Fiscal Impact The creation of three new renewable fuel income tax credits, along with the sunset of the current ethanol credit, is projected to reduce retailer's net income tax liability each year through FY 2026. The estimated fiscal impact to the General Fund is a decrease of \$740,000 for FY 2007 and a decrease of \$3.4 million for FY 2008, as reflected in the fiscal note for HF 2754. The new tax credits will also have other impacts on State finances, including an estimated decrease of \$2.0 million to the Renewable Fuel Infrastructure Fund in FY 2007 through FY 2009, costs associated with administrative expenses totaling an estimated \$1.0 million in FY 2007 and FY 2008, and a decrease of \$100,000 to the Road Use Tax Fund in FY 2008. Revenues to the Road Use Tax Fund are estimated to increase, however, in FY 2009 and each year thereafter.

ARC 5493B

Rule Summary Implements SF 2402 (FY 2007 Soy-Based Transformer Fluid Tax Credit Act), which provides for a soy-based transformer fluid tax credit.

Fiscal Impact The credit is allowed for tax years ending after June 30, 2006, and beginning before January 1, 2008. The credit is \$2.00 per gallon for a maximum of 60,000 gallons. The tax credit is anticipated to reduce the net sales tax liability of electric utilities by a maximum of \$120,000. The credits will be redeemed or the tax refunded during FY 2007.

ARC 5491B

Rule Summary The rule changes provide for the following:

- Allows a reimbursement of replacement tax paid to electric utilities for the costs incurred in the transition from using non-soy-based transformer fluid to soy-based transformer fluid.
- Requires that the secretary of the Property Assessment Appeal Board be notified if the Board's decision is protested to District Court by the taxpayer.
- Requires that members of the Property Assessment Appeal Board be State employees.

Administrative Rules – Fiscal Impact Summaries

November 20, 2006

19

- Requires the assessor to notify the school district if a protest is filed against an assessment of property valued at \$5.0 million or more.
- Allows a Homestead Property Tax Credit to the owner of a home if the land is owned by a community land trust and the homeowner is a member of the community land trust.
- Changes the time period that a veteran who served in the Armed Forces is to be eligible for the Military Service Property Tax Exemption from two years to 18 months.
- Lists the materials that may be used for a property tax exemption to be allowed on property used for recycling purposes.
- Permits vacant units in low-rent housing projects owned by nonprofit organizations recognized as such by the Internal Revenue Service and property under construction by such organizations to qualify for a property tax exemption.
- Allows a tax exemption on apartment buildings owned by a 501(c)(3) nonprofit community development organization in cities with a population of more than 110,000.
- Requires that all property owners in an annexed area receive a tax exemption if the city council has elected to grant an exemption in the area.
- Exempts from taxation machinery, equipment, and fixtures at concrete batch plants and hot mix asphalt facilities.
- Exempts from taxation airport property owned by a city or county and leased to an operator providing aeronautical services to the public.
- Exempts car wash equipment from taxation.

Fiscal Impact The total annual net cost to the General Fund for the Military Property Tax Exemption is an estimated \$365,000, beginning in FY 2007, as reflected in the fiscal note for HF 2751 (FY 2007 Military Service Tax Credit Act). The other rule changes described above have a minimal fiscal impact.

STAFF CONTACT: Jess Benson (Ext. 14613)

SAVINGS AND LOAN – DEPARTMENT OF COMMERCE

ARC 5486B

Rule Summary Updates existing rules to permit greater acceptance of debit cards at merchant locations.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Sam Leto (Ext. 16764)

Administrative Rules – Fiscal Impact Summaries

November 20, 2006

20

SECRETARY OF STATE

ARC 5482B

Rule Summary Provides instructions for testing voting equipment used in elections and other technical changes noted in the conduct of the primary election.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Douglas Wulf (Ext. 13250)

DEPARTMENT OF TRANSPORTATION

ARC 5428B

Rule Summary House File 253 (FY 2006 Regulation of Government Ethics and Lobbying Act) transferred the requirement to adopt rules specifying the method by which officials of a regulatory agency may obtain agency consent to sell goods or services to a person subject to the regulatory authority of the agency. The requirement was transferred from the regulatory agency itself to the Ethics and Campaign Disclosure Board. As a result, the Department of Transportation (DOT) is no longer required to adopt these rules and is rescinding them. The Ethics and Campaign Disclosure Board adopted rules to comply with HF 253, effective April 5, 2006.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

UTILITIES DIVISION – DEPARTMENT OF COMMERCE

ARC 5502B

Rule Summary Proposes eligibility, reporting, and certification requirements for carriers seeking to be designated as Eligible Telecommunications Carriers (ETC) to meet Federal Communications Commission requirements proposed by CC Docket Number 96-45 “Report and Order.”

Fiscal Impact Minimal fiscal impact for administrative work related to the additional requirements.

ARC 5423B

Rule Summary Amends rules prohibiting unauthorized changes in telecommunications service to specify what types of call records submitted by a telecommunications carrier will be adequate to verify a customer’s request for certain changes in service that result in additional charges to the customer.

Fiscal Impact No fiscal impact.

ARC 5380B

Rule Summary Amends procedural rules to delegate the authority to issue procedural orders to one Utilities Board member or specified officials.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Sam Leto (Ext. 16764)

Administrative Rules – Fiscal Impact Summaries

November 20, 2006

21

VETERANS AFFAIRS

ARC 5481B

Rule Summary Provides for the payment of the federal Medicare Part D premium payment from residents' social security payments when available, and other various updates regarding the definition of the administrative rules. Medicare Part D has been in effect since January 1, 2006, and the Iowa Veterans Home has been advised of the need to adopt administrative rules prior to or during the transition period in lieu of after the process is in place.

The rule also exempts the first \$24,000 of community spouse assets for a resident prior to determining the resident's contribution to the cost of care or eligibility for Medicaid. The Iowa Veterans Home has been operating with this process for an unknown period of time and has been advised of the need to adopt administrative rules prior to or during the transition period in lieu of after the process is in place.

Fiscal Impact The Iowa Veterans Home estimates an impact of \$100,000 to the Veterans Home operating budget, which includes General Fund and other funds, based upon eight months of data regarding the premium charged to 143 residents by the Home and reimbursed payments made to the Home by the approved Prescription Drug Program (PDP). The fiscal impact of the federal Medicare Part D "donut hole" (between drug costs for a person between \$2,250 and \$3,600) is unknown, since the 143 residents may or may not reach the "donut hole," and the month that a resident may reach the "donut hole" is not known.

The Iowa Veterans Home indicates that due to the amount of time the community spouse assets have been disregarded, it was not possible to make a financial estimate. The Medicaid Program cost would have been impacted during the year that the asset disregard was changed.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

WORKERS' COMPENSATION DIVISION – DEPARTMENT OF WORKFORCE DEVELOPMENT

ARC 5496B

Rule Summary Relates to forms and procedures to be used and followed in Workers' Compensation settlements and commutations subject to approval by the Workers' Compensation Commissioner; e-mail addresses and fax numbers in contested case proceedings; and reimbursement of the costs of a transcript when there is an appeal to the Workers' Compensation Commissioner from a proposed decision in a contested case proceeding.

Fiscal Impact No fiscal impact to the State.

STAFF CONTACT: Ron Robinson (Ext. 16256)
