



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 AGRICULTURE AND LAND STEWARDSHIP (DALs)

ARC 5569B and ARC 5570B

Rule Summary Sets standards for motor fuel and antifreeze that are used or sold in Iowa. Also, updates references to uniform industry standards as mandated by Chapter 214A.2, Code of Iowa, and implements requirements as specified in HF 2754 (FY 2007 Renewable Fuel Incentive Act). Sellers of motor fuel and renewable fuels will be required to meet federal standards.

Fiscal Impact The standards adopted are those currently used throughout the United States, and the majority of motor fuel currently meets these standards. There will be increased inspections and enforcement by the DALs, for which the General Assembly appropriated \$300,000 and 3.0 FTE positions for FY 2007 and FY 2008.

STAFF CONTACT: Debra Kozel (Ext. 16767)

BOARD OF EDUCATIONAL EXAMINERS

ARC 5520B

Rule Summary Clarifies the existing authority of licensees to teach two grades above and two grades below in their endorsement area.

Fiscal Impact No fiscal impact.

ARC 5518B

Rule Summary Provides for the renewal or extension of an initial administrator license.

Fiscal Impact No significant fiscal impact to the State. Applicants will pay a fee of \$85 for renewal or \$25 for extension. The number of potential applicants cannot be determined due to lack of data.

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ARC 5519B

Rule Summary Provides an extension to administrators needing to renew evaluator endorsements or licenses prior to the evaluator course that will be available in the fall of 2007. Current administrators may maintain their license without penalty, allowing them time to complete the evaluator course.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Robin Madison (Ext. 15270)

CITY FINANCE COMMITTEE – DEPARTMENT OF MANAGEMENT

ARC 5541B

Rule Summary Chapter 4, in part, defines what are considered employee benefits for city employees. A city may levy against property to pay for such benefits if offered by the city. The levy is a special levy that can only be used to pay for the employer's share of that benefit. The amendment clarifies acceptable employee benefit definitions that have evolved over time and become acceptable standards with employers and within the insurance industry.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Jess Benson (Ext. 14613)

DENTAL EXAMINERS BOARD – DEPARTMENT OF PUBLIC HEALTH

ARC 5568B

Rule Summary Changes the renewal date to allow the Board to receive revenue at the beginning of a fiscal year and plan accordingly for expenditures. Also, technical changes to provide for clarification.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Lisa Burk (Ext. 17942)

DEPARTMENT OF ECONOMIC DEVELOPMENT

ARC 5542B

Rule Summary Allows an eligible group to apply for and receive up to two awards per fiscal year for the promotion of Iowa wine and beer. The current rule limits participation to one award per group per fiscal year. This amendment is intended to implement Section 15E.117, Code of Iowa.

Fiscal Impact The fiscal impact is anticipated to be minimal. Any fiscal impact would be to either the Barrel Tax Fund or the Wine Gallonage Tax Fund.

STAFF CONTACT: Ron Robinson (Ext. 16256)

DEPARTMENT OF HUMAN SERVICES

ARC 5538B

Rule Summary These rules make a variety of changes to the administration of the Family Investment Program (FIP), including changing from retrospective to prospective budgeting and reducing monthly reporting requirements to quarterly intervals.

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Fiscal Impact	The estimated fiscal impact for FY 2007 is a decrease to the General Fund of \$211,000. The Department of Human Services expects to absorb this amount within the current FY 2007 budget. The estimated fiscal impact for FY 2008 is a decrease to the General Fund of \$679,000.	
		ARC 5551B
Rule Summary	Revises collection and reporting of racial and ethnic data by State agencies on persons receiving food assistance in order to comply with federal Office of Management and Budget (OMB) standards.	
Fiscal Impact	No fiscal impact.	
		ARC 5537B
Rule Summary	Increases premiums for persons eligible for the Medicaid for Employed Persons with Disabilities Program. These individuals are eligible to “buy into” Medicaid while employed, with a premium based on a sliding fee scale. The effective date of these rules is January 1, 2007.	
Fiscal Impact	The maximum monthly premium of \$422 is charged when the person's income is equal to 705.0% of the Federal Poverty Level, and will increase to \$443 per month for persons with an income equal to 725.0% of the Federal Poverty Level. For those at 150.0% of the Federal Poverty Level, the monthly premium increases from \$27 to \$28 per month. The Department of Human Services assumes there will be an increase in the eligible enrollment for this Program when determining the fiscal impact. Being a Medicaid Program, this revenue increase is divided between the Federal government and the State of Iowa. The State revenue increase will be approximately \$55,000 for FY 2007.	
		ARC 5514B
Rule Summary	Eliminates Medicaid coverage for Rehabilitative Treatment Services (RTS) for children and rehabilitation for adults with chronic mental illness and replaces them with a new service category in Medicaid: Remedial services to treat symptoms or causes of a psychological disorder.	
Fiscal Impact	The fiscal impact estimate includes the following assumptions: <ul style="list-style-type: none">• An increase in utilization by adults of 10.0% due to changing the Chronic Mental Illness diagnosis requirement to Mental Illness diagnosis requirement.• A decrease in utilization by adults and children of 29.0% due to services no longer eligible for federal matching funds under new service definitions.• An estimated increase in eligibles: 2,800 from subsidized adoption caseload and 1,000 from special-needs children in schools.• A change in federal financial participation for FFY 2007. Decreased utilization will result in the loss of an estimated \$8.3 million in federal funds in FY 2007 and \$12.4 million in FY 2008, in addition to a decrease in General Fund expenditures of an estimated \$1.3 million in FY 2007 and \$1.9 million in FY 2008.	

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Increased utilization by adults, increased eligibility among children, and the change in federal financial participation will result in a decrease to the General Fund of \$9.3 million in FY 2007 and \$12.5 million in FY 2008. The net effect on the General Fund is an estimated decrease of \$8.0 million in FY 2007 and \$10.6 million in FY 2008. The increased cost for FY 2007 will be included in the FY 2007 Medicaid supplemental request.

The rule changes will also likely have a fiscal impact on counties; however, the impact cannot be determined at this time.

ARC 5536B

Rule Summary Revises Medicaid rules to add coverage of drugs for smoking cessation, including generic bupropion products and non-prescription nicotine patches and gum with prior authorization. The rule changes are mandated by State law.

Fiscal Impact The coverage of these products will begin on January 1, 2007. The estimated fiscal impact is a decrease to the General Fund of \$274,000 in FY 2007 and a decrease of \$562,000 in FY 2008. The Department will include the FY 2007 funding as part of their supplemental Medicaid request.

ARC 5516B and ARC 5515B

Rule Summary Changes the rules for child welfare services to accommodate Medicaid amendments that establish a new service category, Remedial Services, to take the place of Rehabilitative Treatment Services (RTS).

Fiscal Impact **FY 2007** – The estimated fiscal impact to Child and Family Services (CFS) is a shortfall of \$634,000 for FY 2007, which the Department will manage within the current appropriation. This assumes the \$6.7 million in State matching funds budgeted for RTS under CFS is retained under CFS, and any shortfall in Medicaid for the new RSP services will be included in the Medicaid supplemental request for FY 2007.

FY 2008 – An additional \$2.0 million will be needed for CFS in FY 2008 to maintain the average monthly population in group care at the FY 2007 level. An additional \$10.6 million in General Funds will also be needed for Medicaid in FY 2008 to provide remedial services for children.

ARC 5533B

Rule Summary Removes language that allows exceptions to the age requirement for children with special circumstances who are part of a Family Investment Program (FIP) household; clarifies the eligibility re-determination process; and updates the provider reimbursement ceilings to reflect the 2004 provider market rate survey.

Fiscal Impact House File 2734 (FY 2007 Health and Human Services Appropriations Act) provided a total increase of \$1.7 million, including \$1.2 million in TANF funds and \$500,000 in General Funds to increase provider rates based on the 2004 market rate survey, with implementation to begin on January 1, 2007. In order to annualize these costs in FY 2008, an additional \$2.9 million will be needed.

ARC 5535B

Rule Summary Updates Family Support Subsidy (FSS) Program policies to limit eligibility. Also, adds rules to establish the Family Support Center Program (formerly, Children At-Home Program) based on changes made in SF 2217 (FY 2007 DHS Omnibus Policy Changes Act).

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Senate File 2217 made eligibility for the FSS Program more restrictive as many families who received assistance under the Program were also eligible to receive Medicaid waiver services and/or the special needs adoption subsidy. The DHS estimated that 70.0% of families receiving assistance under the FSS also received Medicaid waiver services.

By limiting eligibility for the FSS Program to those who are not receiving assistance through the adoption subsidy or waiver services, the waiting list for the FSS Program could be eliminated and the funds could be used to expand the Family Support Center Program, which is currently only available in 14 counties.

Fiscal Impact No fiscal impact.

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

INSURANCE DIVISION – DEPARTMENT OF COMMERCE

ARC 5552B

Rule Summary Clarifies limitations on the receipt of gifts and loans by insurance producers. Also, requires an insurer to report to the Department of Public Health when information is received from an applicant or policyholder regarding a human immunodeficiency virus (HIV) test as now required by Section 505.16(2), Code of Iowa.

Fiscal Impact No fiscal impact.

ARC 5556B

Rule Summary Updates and clarifies duties and procedures for risk retention groups, purchasing groups, and for insurance producers and nonadmitted insurers to follow in order to sell excess and surplus lines insurance.

Fiscal Impact No fiscal impact.

ARC 5554B

Rule Summary Updates the rules to reflect recent changes to the National Association of Insurance Commissioners (NAIC) model regulation on viatical settlements. (A viatical settlement allows one to invest in another person's life insurance policy.) Iowa viatical settlement brokers and providers are to comply with these rules for all viatical settlement purchase agreements issued on or after January 1, 2007.

Fiscal Impact No fiscal impact.

ARC 5550B

Rule Summary Establishes a new chapter regarding mortality tables for use in determining minimum reserve liabilities. The Insurance Commissioner is authorized to adopt any mortality tables adopted by the National Association of Insurance Commissioners. Use of these tables is not a mandate, but an election for Iowa insurance companies.

Fiscal Impact No fiscal impact to the State. Iowa life insurance companies may experience a reduction in the amount of reserves necessary to issue a contract. Iowa consumers may experience a reduced cost in life insurance.

STAFF CONTACT: Sam Leto (Ext. 16764)

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IOWA FINANCE AUTHORITY

ARC 5548B

Rule Summary Establishes rules for awarding grants to small communities for the construction or upgrading of wastewater treatment facilities. Changes have been made since the rules were originally noticed.

Fiscal Impact The fiscal impact cannot be determined since it is unknown how many communities will take advantage of the program or to what extent. There will be no appreciable fiscal impact beyond the amount specifically appropriated for the program in HF 2782 (FY 2007 Capitals Appropriations Act). The Act appropriated \$4.0 million for FY 2007 from the Federal Economic Stimulus and Jobs Holding Account. That Act also stated it is the intent of the General Assembly to appropriate \$4.0 million annually for FY 2008 through FY 2016. The changes made since the rules were originally noticed did not affect the fiscal impact. For FY 2008, the Authority has requested \$4.0 million from the Rebuild Iowa Infrastructure Fund (RIIF).

STAFF CONTACT: Ron Robinson (Ext. 16256)

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)

ARC 5562B

Rule Summary Amends several chapters of the Iowa Administrative Code (IAC) relating to IPERS resulting from enactment of HF 729 (FY 2007 Public Pension Omnibus Act). The changes include increasing the contribution rates for State and local government employers and employees, effective July 1, 2007.

Fiscal Impact The estimated total IPERS-covered employer increases from all funds are \$17.0 million for FY 2008 and \$35.3 million for FY 2009, as shown in the following table. These increases are compared to rates under the prior law.

(Dollars in Millions)

<u>Employer</u>	<u>FY 2008</u>	<u>FY 2009</u>
State	\$ 3.1	\$ 6.5
Board of Regents	0.1	0.3
Counties	2.5	5.2
Cities	2.2	4.5
Schools	7.7	15.9
Community Colleges	0.4	0.9
Other	1.0	2.0
Total Regular	<u>\$ 17.0</u>	<u>\$ 35.3</u>

The estimated total IPERS-covered employee increases total \$11.3 million for FY 2008 and \$23.5 million for FY 2009. These increases are compared to rates under the prior law.

Attachment A provides a detailed description of current and adjusted employer and employee contribution rates, as referenced in the fiscal note for HF 729.

STAFF CONTACT: Sam Leto (Ext. 16764) Ron Robinson (Ext. 16256)

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LABOR SERVICES DIVISION – DEPARTMENT OF WORKFORCE DEVELOPMENT

ARC 5534B
Rule Summary Amends chapter titles and definitions to make the rules more consistent with legislation. Also, excludes blowers of inflatable rides from the rule that requires an electrical disconnect switch be located within reach of the operator.

Fiscal Impact No fiscal impact. Costs for the amusement ride industry will drop by a very small amount.

ARC 5564B
Rule Summary Rescinds the requirement that contractors using more than one name obtain separate registration numbers for each name, and changes the format of registration numbers.

Fiscal Impact Minimal fiscal impact. A small decrease in the number of paid registrations is anticipated.

STAFF CONTACT: Ron Robinson (Ext. 16256)

MEDICAL EXAMINERS BOARD – DEPARTMENT OF PUBLIC HEALTH

ARC 5510B
Rule Summary The changes address which physicians need an Iowa medical license to practice in Iowa and those that do not. The definition of “incidentally called into this state in consultation with a physician and surgeon licensed in this state” is clarified. The current two types of temporary licenses – for urgent need and for educational purposes – are eliminated and supplanted with rules that allow temporary licenses for more reasons.

The fee for a temporary license is reduced to encourage physicians who should have a temporary Iowa license to get a license. Board-approved activities, eligibility for a temporary license, the application review process, and the temporary license application cycle are described for M.D.s and D.O.s, who do or do not have a medical license in another U.S. jurisdiction. The process is simplified for those who have a license in good standing in another U.S. jurisdiction.

Fiscal Impact No fiscal impact.

ARC 5513B
Rule Summary The changes update the definitions of the American Board of Medical Specialties (ABMS) and the American Osteopathic Association (AOA) and allow specialty board certification or re-certification under ABMS or AOA to serve as an equivalent to 50 hours of category 1 activity for purposes of license renewal.

Fiscal Impact No fiscal impact.

ARC 5512B
Rule Summary The changes set the passing score on the Internet-based version of the Test of English Proficiency at 79, a requirement of applicants for an M.D., D.O., or acupuncture license who have not graduated from medical school in the United States or Canada.

Fiscal Impact No fiscal impact.

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ARC 5511B

Rule Summary A ground for discipline, that the Board may take action if a licensee fails to complete the fingerprint process, was inadvertently left out of the transition from Chapter 12 to the new Chapter 23, and this amendment adds it in Chapter 23.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Lisa Burk (Ext. 17942)

DEPARTMENT OF NATURAL RESOURCES

ARC 5532B

Rule Summary Includes the reauthorization of general permits that exempt the owners of most private docks from obtaining individual permits and paying administrative fees. Slip and dock permit fees have not been increased since 1986 and the fees currently charged do not cover the Department's administrative costs. The following is a summary of the fees:

- Dock permit application fees for private dock permits remain at \$125 for a 5-year permitting period.
- Commercial dock permit fees are increased to \$250.
- Private dock owners with more than four hoists will pay a \$50 per hoist fee.
- Commercial dock owners with more than six hoists will pay a \$50 per hoist fee.

Fiscal Impact It is estimated the fee increase will generate less than \$100,000 per year, and will be used to pay for related administrative expenditures.

STAFF CONTACT: Debra Kozel (Ext. 16767)

PROFESSIONAL LICENSING AND REGULATION BUREAU – DEPARTMENT OF COMMERCE

ARC 5539B

Rule Summary Amends several chapters to reflect the merger of the Professional Licensing and Regulation Division with the Banking Division authorized in HF 2521 (FY 2007 Administration and Regulation Appropriations Act). Under the new arrangement, the Professional Licensing and Regulation Division became a Bureau in the Banking Division. The amendments also reflect the addition of the Interior Design Examining Board established in Chapter 544C, Code of Iowa, in 2005.

Fiscal Impact As part of the merger, there was an estimated \$70,000 savings with the reduction of the division director position. This savings was factored into the FY 2007 appropriation for the Banking Division.

STAFF CONTACT: Sam Leto (Ext. 16764)

PROFESSIONAL LICENSURE DIVISION – DEPARTMENT OF PUBLIC HEALTH

ARC 5546B

Rule Summary Cosmetology Arts and Science Examiners – Changes the number of continuing education hours required for licensure renewal and provides direction on content.

Fiscal Impact No fiscal impact.

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ARC 5529B

Rule Summary Nursing Home Administrators Examiners – Changes provide that an individual who has applied for an Iowa license and is licensed and has been practicing in another state for the past two years prior to applying for licensure in Iowa may be issued an Iowa license, if the person has a minimum of a bachelor's degree and no disciplinary-related issues.

Fiscal Impact No fiscal impact.

ARC 5517B

Rule Summary Optometry Examiners – Technical changes to correct typographical errors; changes to make the rules consistent with other Board rules; and changes to lengthen the implementation time of the rules to provide sufficient preparation time for providers of continuing education and to correct the category reference.

Fiscal Impact No fiscal impact.

ARC 5522B

Rule Summary Physician Assistant Examiners – Changes clarify educational course documentation required of an approved physician assistant program for physician assistant's licensure; clarifies that a physician assistant may be taught new procedures with both direct and remote supervision; clarifies the dual responsibility of both physician and physician assistant to be aware of who is the supervising physician; and changes Board notification timeframes when supervisory changes occur.

Fiscal Impact No fiscal impact.

ARC 5521B

Rule Summary Physician Assistant Examiners – Changes to be consistent with 2006 legislative changes that permit the prescribing of stimulants by a physician assistant.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Lisa Burk (Ext. 17942)

DEPARTMENT OF PUBLIC HEALTH

ARC 5555B

Rule Summary The changes authorize the Department to issue investigatory subpoenas in order to obtain relevant healthcare or contact information of people related to an epidemiologic investigation.

Fiscal Impact No fiscal impact.

ARC 5563B

Rule Summary Establishes rules relating to requirements for medical facilities and pharmacies to accept and dispense donated prescription drugs and supplies and the eligibility criteria for individuals to receive these donations.

Fiscal Impact The fiscal impact is an estimated \$180,000 per year for administration. House File 2734 (FY 2007 Health and Human Services Appropriations Act) provided \$120,000 to implement the Prescription Drug Donation Repository Program in FY 2007.

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ARC 5565B
Rule Summary Provides rules for the development and sponsorship of Disaster Medical Assistant Teams and Environmental Health Response Teams. Also, provides teams and members with general requirements for registration, approval, or denial of membership, licensure and educational requirements, team composite, and legal protections.

Fiscal Impact No fiscal impact.

ARC 5566B
Rule Summary Clarifies costs associated with utilization of the State Medical Examiner's tissue recovery room by tissue recovery agencies, including who is responsible for paying the utilization fee and to whom the payment is to be made pursuant to legislation enacted during the 2006 Legislative Session. Also, changes the current definition of fetal death to the exact terminology used in Section 144.29, Code of Iowa, for consistency.

Adds a new subrule requiring County Medical Examiners to complete a form designated by the State Medical Examiner for cases where jurisdiction was terminated and/or declined to ensure all reported cases to the State Medical Examiner's Office are documented, filed, and reported consistently.

Adds a new subrule to address procedures for the disposal of tissues, organs, and bodily fluids as required by HF 2734 (FY 2007 Health and Human Services Appropriations Act).

Fiscal Impact No fiscal impact. The costs associated with utilizing the State Medical Examiner's Office for tissue recovery will be minimal and paid by the organizations that use the facility.

ARC 5567B
Rule Summary Adds a new level designation for neonatal intensive care units to better identify the capabilities of Level II regional centers with Neonatologists on staff.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Lisa Burk (Ext. 17942)

DEPARTMENT OF PUBLIC SAFETY

ARC 5557B
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 5531B
Rule Summary Amends Chapter 8 and adopts new Chapter 81 to update current rules governing the collection, handling, and dissemination of criminal intelligence information.

Fiscal Impact No fiscal impact.

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Rule Summary	Rescinds Chapter 9 and adopts new Chapter 35 to update current rules for procedures for accepting and processing complaints against employees of the Department of Public Safety.	ARC 5530B
Fiscal Impact	No fiscal impact.	
Rule Summary	Rescinds Chapter 12 and adopts new Chapter 150 to update rules related to the general operations of the DCI Criminalistics Laboratory.	ARC 5559B
Fiscal Impact	No fiscal impact.	
Rule Summary	Rescinds Chapter 19 and adopts new Chapter 89 to update rules for the Missing Persons Information Clearinghouse and the AMBER Alert Program.	ARC 5558B
Fiscal Impact	No fiscal impact.	
Rule Summary	Updates references to national codes in the State Building Code. Also, updates the plan review fee schedule and provides criteria for inspections of new construction.	ARC 5553B, 5561B, and 5560B
Fiscal Impact	The fiscal impact for these rules cannot be determined since the additional plan review and inspection workload is unknown. The Department will require additional inspections, which initially will be carried out via contract with a third party inspection service.	
Rule Summary	Updates the State Historic Building Code.	ARC 5547B
Fiscal Impact	No fiscal impact.	
Rule Summary	Senate File 2394 (FY 2007 Manufactured Home Regulation Act) transferred responsibility for licensing manufactured housing retailers, manufacturers, and distributors from the Department of Transportation (DOT) to the Department of Public Safety (DPS), effective January 1, 2007. These rules establish procedures and requirements for the licensing program under the direction of the State Building Code Commissioner.	ARC 5543B
Fiscal Impact	Senate File 2394 increased the license fee from \$70 collected every two years by the DOT, to \$100 collected annually by the DPS. The DPS anticipates receiving approximately \$13,000 annually; however, the DOT will no longer collect the bi-annual fee, which is a decrease to the Road Use Tax Fund of approximately \$9,000. The licensing fee change is expected to result in an estimated \$17,000 in net new revenue over a two-year period. One inspector position will be created and shared with other programs and one part of one position will process license applications and renewals and be shared with three other programs.	

STAFF CONTACT: Beth Lenstra (Ext. 16301)

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DEPARTMENT OF REVENUE

ARC 5524B

Rule Summary Sets forth the interest rate of 10.0% annually (0.8% per month) for unpaid taxes and refunds owed on or after January 1, 2007. This is an increase of 2.0% annually (0.1% per month) compared to calendar year 2006. Section 421.7 Code of Iowa, requires the Director to compute and publish the interest rate for unpaid taxes and refunds annually. The rule specifies the interest rate to be charged for unpaid taxes and paid on refunds for the 2007 calendar year.

Fiscal Impact No fiscal impact.

ARC 5527B

Rule Summary The rule amends the following items:

- Updates the list of refundable individual income tax credits.
- Strikes references to “unmarried heads of household” to match the definition of head of household for federal tax purposes.
- Updates the list of bonds issued by the State and its political subdivisions for which interest is exempt for both federal and Iowa income tax purposes.
- Strikes references to “employed in a business” for purposes of qualifications for the Iowa capital gain deduction.
- Provides that the tax credit in section 422.12B Code of Iowa, must be subtracted before calculating the franchise tax credit.
- Provides for changes to the Endow Iowa Tax Credit for individual, corporate, and franchise income tax.
- Updates the applicable dates for the Keep Iowa Beautiful Fund checkoff and the Volunteer Firefighter Preparedness Fund checkoff.
- Provides for the new individual income tax checkoffs for the Veterans’ Trust Fund and the joint Keep Iowa Beautiful Fund and Volunteer Firefighter Preparedness Fund.
- Updates the new income thresholds for the Child and Dependent Care Credit.
- Provides for the Targeted Jobs Withholding Tax Credit.
- Provides that the Department of Revenue will issue the Replacement Tax Credit Certificate when:
 - The Eligible Housing Business Investment Tax Credit for individual income tax and corporation income tax are transferred effective July 1, 2006.
 - The Historic Preservation and Cultural and Entertainment District Tax Credit for corporation income tax is transferred effective July 1, 2006.

Fiscal Impact The estimated fiscal impact of the Targeted Jobs Withholding Tax Credit, as reflected in the fiscal note for HF 2731 (FY 2007 Pilot Project New Tax Incentives Act), is a decrease to the General Fund of \$571,000 for FY 2007 and \$1.2 million for FY 2008. All other items are anticipated to have minimal fiscal impact.

ARC 5544B

Rule Summary Implements HF 2461 (FY 2007 Internal Revenue Code Update Act), which updates Iowa’s tax laws to incorporate federal Internal Revenue Code enacted in 2005. House File 2461 also provides for a maximum deduction of \$2,000 for individual income tax for purchasers of clean motor fuel vehicles. This rule also implements SF 2312 (FY 2007 Veterans Appreciation Benefits Act), which provides for exclusions from income for grants received under the Injured Veterans Grant Program, and provides deductions for contributions made to the same program.

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Fiscal Impact The estimated fiscal impact of the provisions of HF 2461 is a net General Fund increase of \$1.9 million for FY 2007 and \$2.5 million for FY 2008. The positive impact relates to changes concerning the federal tax deduction. The fiscal impact of the provisions of SF 2312 is anticipated to be minimal.

ARC 5526B

Rule Summary Changes several definitions in Chapter 452A, and adds the following new definitions:

- Requires nonterminal storage facilities with at least 100,000 gallons of product to file reports by electronic transmission.
- Provides that no refund is allowable for fuel lost as a result of leakage or theft.
- Requires terminals and nonterminal storage facilities to provide additional information on reports filed with the Department.
- Requires licensees to file reports with the Department by electronic transmission beginning September 1, 2006.
- Requires a tobacco retailer to obtain a retail cigarette/tobacco permit.

Fiscal Impact No fiscal impact.

ARC 5545B

Rule Summary The rule changes the following:

- Prohibits an assessor from using dual classifications for property.
- Permits an assessor to use an alternative manual to value property if it is a unique type of property not covered in the manual prepared by the Department of Revenue.
- Requires an assessor to:
 - Value property according to its present use and not its potential use.
 - Apply the agricultural factor uniformly to all agricultural buildings in the assessing jurisdiction.
 - Value the land beneath a dwelling in the same manner as the remainder of the land upon which the dwelling is located.
 - Prepare an assessment for the property and then allow the taxpayer to apply for a tax exemption for the property.

Fiscal Impact No fiscal impact.

ARC 5528B

Rule Summary The amendment makes the following changes to Chapter 86:

- Amends all references to the Iowa Department of Revenue and Finance to the Iowa Department of Revenue.
- Adds two new paragraphs to specify that estates that do not have an Iowa inheritance or estate tax due are also not required to file an Iowa inheritance tax return if specific criteria are met. In addition, the new language sets forth the procedures relating to the transfer of real property of an estate by filing an

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affidavit on behalf of an estate when no Iowa inheritance tax return is due or a tax clearance issued.

- Implements 2004 Iowa Acts, Chapter 1073, which provides that, effective for estates with decedents dying on or after July 1, 2004, the time period in which the Department has to obtain an appraisal of real property, is now 60 days instead of 30 days from the date the return is filed with the Department.
- Implements 2004 Iowa Acts, Chapter 1073, and 2005 Iowa Acts, Chapter 38, to add new procedures for filing a disclaimer of interest for estates with decedents dying on or after July 1, 2004.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Jess Benson (Ext. 14613)

STATE PUBLIC DEFENDER – DEPARTMENT OF INSPECTIONS AND APPEALS

ARC 5540B

Rule Summary Streamlines administrative procedures between the counties and the State Public Defender's Office in the payment of juvenile justice claims to comply with the enactment of SF 2304 (FY 2007 State Public Defender Act). Also, amends the hourly rate schedule for private court-appointed attorneys to comply with enactment of HF 2789 (FY 2007 Judicial Branch Fees and Costs Act).

Fiscal Impact Rules related to the enactment of SF 2304 have no fiscal impact. Rules related to the implementation of HF 2789 are estimated to cost \$3.0 million annually. Note that HF 2789 directs the State Court Administrator to allocate \$3.0 million annually from the fees and fines collected by the Clerks of District Court to the Office of the State Public Defender. These funds are to be used for payment of court-appointed counsel, and are in addition to the \$25.2 million appropriated from the General Fund in HF 2558 (FY 2007 Justice System Appropriations Act) for indigent defense.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

DEPARTMENT OF TRANSPORTATION

ARC 5509B

Rule Summary Allows the full 12 months of use of the \$300 annual oversize/overweight permit when the original permitted vehicle is unable to operate the entire duration because it has been damaged in an accident, junked, or sold. Currently, a motor carrier is required to purchase a new permit for the replacement vehicle.

Fiscal Impact The fiscal impact cannot be determined but is anticipated to be minimal. The number of permits that will be requested for transfer to a replacement vehicle as opposed to purchasing another annual permit is unknown.

ARC 5506B

Rule Summary Various amendments to reflect changes in driver's licenses:

- In accordance with HF 216 (FY 2006 Motor Vehicles and Related Regulation Act): Amendments to reflect that a military extension is no longer limited to noncommercial Class C and Class M licenses; amendments to implement provisions regarding license issuance and license suspension for minors who do

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not attend school; and amendments relating to minor's school licenses to add language regarding the closest school bus stop or public transportation service.

- Changes the period of validity of certain noncommercial driver's licenses and nonoperator's identification cards from two or four years to five years, in accordance with Section 321.190(1)(d), Code of Iowa.
- In accordance with House File 2525 (FY 2006 Transportation Omnibus Act): Changes the period of validity of a motorcycle instruction permit and a noncommercial instruction permit from two years to four years; amends the Remedial Driver Improvement Action under Section 321.180B, Code of Iowa. With the change to the Remedial Driver Improvement Action, a person under 18 who holds a full license is subject to remedial action if the violation or accident occurred while the person held an instruction permit or intermediate license.
- Makes technical changes to endorsement and restriction codes. Also, Class M (motorcycle) is changed to motorcycle only, and Class M will not be added to another license class. Instead, if the licensee has another class of license, the motorcycle privilege will be a motorcycle endorsement added to the license.
- Rescinds 761 IAC subrule 615.25(321). The subrule, which relates to the Driver's License Indebtedness Clearance Pilot Project, is obsolete. Senate File 2253 (FY 2006 Substantive Code Editor's Act) eliminated the Project.
- Amendments to provide that the Department may require a person subject to suspension under Section 321.210C, Code of Iowa, to complete a driver improvement program in lieu of suspension.
- Makes changes to the qualifications for a driver's education teacher and a behind-the-wheel instructor to remove the restriction that the driver's license held by the individual must be an Iowa license. The Department has waived the Iowa driver's license requirement for driver's education teachers and behind-the-wheel instructors several times. A permanent rule change is warranted.

Fiscal Impact No fiscal impact.

Rule Summary **ARC 5523B**
Adopts new chapter "Public Transit Infrastructure Grant Program." The Program, established in HF 2782 (FY 2007 Infrastructure Appropriations Act), will provide funding for vertical infrastructure improvements for qualified public transit systems throughout the State. House File 2782 also established a Public Transit Infrastructure Fund from which the grant money will be allocated.

Fiscal Impact Minimal fiscal impact to the DOT and local governments for costs associated with administering the grants. House File 2782 appropriated to the Public Transit Infrastructure Fund \$2.2 million from the Endowment for Iowa's Health Restricted Capitals Fund for FY 2007 and \$2.2 million from the Rebuild Iowa Infrastructure Fund (RIIF) for FY 2008.

Rule Summary **ARC 5508B**
Amends rules that clarify the meaning of declaratory orders and the process for seeking them. Also, corrective amendments to Chapters 10, 11, 28, and 122 referring to the Director's Staff Division. This Division no longer exists.

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Fiscal Impact No fiscal impact.

Rule Summary Changes the Internet and mailing address for aircraft registration from the Office of Vehicle Services to the Office of Aviation.

ARC 5507B

Fiscal Impact No fiscal impact.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

UNDERGROUND STORAGE TANK FUND BOARD

Rule Summary Changes the statute of limitations for claiming a refund of the environmental protection charge from five years to three years and changes the time period for protesting a refund denial from 30 days to 60 days.

ARC 5549B

Fiscal Impact No fiscal impact.

STAFF CONTACT: Jeff Robinson (Ext. 14614)

UTILITIES DIVISION – DEPARTMENT OF COMMERCE

Rule Summary Amends the notice given to customers of rate regulated utilities with over 50,000 customers to require monthly notice of information about contacting the Iowa Utilities Board. Under current rules, only an annual notice is required. The effect of the amendment will be that the utilities will be required to give notice monthly, which they have been doing voluntarily, and will not be able to discontinue that action if the amendment is adopted. All customers of large utilities will have the necessary information to contact the Board if the customer cannot resolve a problem with the utility.

ARC 5525B

Fiscal Impact No fiscal impact to the State. There should be no additional costs to the utilities that have been doing this voluntarily. Since the information is being included on the customer's bill, there should be only minimal costs if a utility has chosen to discontinue the monthly notice before these amendments become affective.

STAFF CONTACT: Sam Leto (Ext. 16764)

Attachment A

House File 729 – Public Pensions Omnibus IPERS

Employer	Active Member Counts	FY 2005 Covered Payroll	Fiscal Year	Current Law Employer Contribution Rate	Adjusted Employer Contribution Rate	Rate Change	Employer Total Contribution	Current Law Employee Contr. Rate	Adjusted Employee Contribution Rate	Rate Change	Total Employee Contribution Change	Average Change Per Employee
State	19,584	919,560,703	FY 2005	5.75%	5.75%	0.00%	0	3.70%	3.70%	0.00%	0	0
	19,584	956,343,131	FY 2006	5.75%	5.75%	0.00%	0	3.70%	3.70%	0.00%	0	0
	19,584	994,593,856	FY 2007	5.75%	5.75%	0.30%	0	3.70%	3.70%	0.00%	0	0
	19,584	1,034,377,610	FY 2008	5.75%	6.05%	0.30%	3,103,133	3.70%	3.90%	0.20%	2,068,755	106
	19,584	1,075,752,715	FY 2009	5.75%	6.35%	0.30%	6,454,516	3.70%	4.10%	0.20%	4,303,011	220
	19,584	1,118,782,823	FY 2010	5.75%	6.65%	0.30%	10,069,045	3.70%	4.30%	0.20%	6,712,697	343
	19,584	1,163,534,136	FY 2011	5.75%	6.95%	0.30%	13,962,410	3.70%	4.50%	0.20%	9,308,273	475
	19,584	1,210,075,502	FY 2012	5.75%	6.95%	0.00%	14,520,906	3.70%	4.50%	0.00%	9,680,604	494
Board of Regents	2,111	40,957,912	FY 2005	5.75%	5.75%	0.00%	0	3.70%	3.70%	0.00%	0	0
	2,111	42,596,228	FY 2006	5.75%	5.75%	0.00%	0	3.70%	3.70%	0.00%	0	0
	2,111	44,300,078	FY 2007	5.75%	5.75%	0.30%	0	3.70%	3.70%	0.00%	0	0
	2,111	46,072,081	FY 2008	5.75%	6.05%	0.30%	138,216	3.70%	3.90%	0.20%	92,144	44
	2,111	47,914,964	FY 2009	5.75%	6.35%	0.30%	287,490	3.70%	4.10%	0.20%	191,660	91
	2,111	49,831,563	FY 2010	5.75%	6.65%	0.30%	448,484	3.70%	4.30%	0.20%	298,989	142
	2,111	51,824,825	FY 2011	5.75%	6.95%	0.30%	621,898	3.70%	4.50%	0.20%	414,599	196
	2,111	53,897,818	FY 2012	5.75%	6.95%	0.00%	646,774	3.70%	4.50%	0.00%	431,183	204
County	23,845	745,864,664	FY 2005	5.75%	5.75%	0.00%	0	3.70%	3.70%	0.00%	0	0
	23,845	775,699,251	FY 2006	5.75%	5.75%	0.00%	0	3.70%	3.70%	0.00%	0	0
	23,845	806,727,221	FY 2007	5.75%	5.75%	0.30%	0	3.70%	3.70%	0.00%	0	0
	23,845	838,996,309	FY 2008	5.75%	6.05%	0.30%	2,516,989	3.70%	3.90%	0.20%	1,677,993	70
	23,845	872,556,162	FY 2009	5.75%	6.35%	0.30%	5,235,337	3.70%	4.10%	0.20%	3,490,225	146
	23,845	907,458,408	FY 2010	5.75%	6.65%	0.30%	8,167,126	3.70%	4.30%	0.20%	5,444,750	228
	23,845	943,756,745	FY 2011	5.75%	6.95%	0.30%	11,325,081	3.70%	4.50%	0.20%	7,550,054	317
	23,845	981,507,014	FY 2012	5.75%	6.95%	0.00%	11,778,084	3.70%	4.50%	0.00%	7,852,056	329
City	21,781	639,908,949	FY 2005	5.75%	5.75%	0.00%	0	3.70%	3.70%	0.00%	0	0
	21,781	665,505,307	FY 2006	5.75%	5.75%	0.00%	0	3.70%	3.70%	0.00%	0	0
	21,781	692,125,519	FY 2007	5.75%	5.75%	0.30%	0	3.70%	3.70%	0.00%	0	0
	21,781	719,810,540	FY 2008	5.75%	6.05%	0.30%	2,159,432	3.70%	3.90%	0.20%	1,439,621	66
	21,781	748,602,962	FY 2009	5.75%	6.35%	0.30%	4,491,618	3.70%	4.10%	0.20%	2,994,412	137
	21,781	778,547,080	FY 2010	5.75%	6.65%	0.30%	7,006,924	3.70%	4.30%	0.20%	4,671,282	214
	21,781	809,688,963	FY 2011	5.75%	6.95%	0.30%	9,716,268	3.70%	4.50%	0.20%	6,477,512	297
	21,781	842,076,522	FY 2012	5.75%	6.95%	0.00%	10,104,918	3.70%	4.50%	0.00%	6,736,612	309
Schools	74,830	2,266,220,746	FY 2005	5.75%	5.75%	0.00%	0	3.70%	3.70%	0.00%	0	0
	74,830	2,356,869,576	FY 2006	5.75%	5.75%	0.00%	0	3.70%	3.70%	0.00%	0	0
	74,830	2,451,144,359	FY 2007	5.75%	5.75%	0.30%	0	3.70%	3.70%	0.00%	0	0
	74,830	2,549,190,133	FY 2008	5.75%	6.05%	0.30%	7,647,570	3.70%	3.90%	0.20%	5,098,380	68
	74,830	2,651,157,739	FY 2009	5.75%	6.35%	0.30%	15,906,946	3.70%	4.10%	0.20%	10,604,631	142
	74,830	2,757,204,048	FY 2010	5.75%	6.65%	0.30%	24,814,836	3.70%	4.30%	0.20%	16,543,224	221
	74,830	2,867,492,210	FY 2011	5.75%	6.95%	0.30%	34,409,907	3.70%	4.50%	0.20%	22,939,938	307
	74,830	2,982,191,898	FY 2012	5.75%	6.95%	0.00%	35,786,303	3.70%	4.50%	0.00%	23,857,535	319
Community Colleges	3,659	128,350,692	FY 2005	5.75%	5.75%	0.00%	0	3.70%	3.70%	0.00%	0	0
	3,659	133,484,720	FY 2006	5.75%	5.75%	0.00%	0	3.70%	3.70%	0.00%	0	0
	3,659	138,824,108	FY 2007	5.75%	5.75%	0.30%	0	3.70%	3.70%	0.00%	0	0
	3,659	144,377,073	FY 2008	5.75%	6.05%	0.30%	433,131	3.70%	3.90%	0.20%	288,754	79
	3,659	150,152,156	FY 2009	5.75%	6.35%	0.30%	900,913	3.70%	4.10%	0.20%	600,609	164
	3,659	156,158,242	FY 2010	5.75%	6.65%	0.30%	1,405,424	3.70%	4.30%	0.20%	936,949	256
	3,659	162,404,572	FY 2011	5.75%	6.95%	0.30%	1,948,855	3.70%	4.50%	0.20%	1,299,237	355
	3,659	168,900,754	FY 2012	5.75%	6.95%	0.00%	2,026,809	3.70%	4.50%	0.00%	1,351,206	369
Other: Townships Multi-Units Utilities	8,469	289,014,587	FY 2005	5.75%	5.75%	0.00%	0	3.70%	3.70%	0.00%	0	0
	8,469	300,575,170	FY 2006	5.75%	5.75%	0.00%	0	3.70%	3.70%	0.00%	0	0
	8,469	312,598,177	FY 2007	5.75%	5.75%	0.30%	0	3.70%	3.70%	0.00%	0	0
	8,469	325,102,104	FY 2008	5.75%	6.05%	0.30%	975,306	3.70%	3.90%	0.20%	650,204	77
	8,469	338,106,189	FY 2009	5.75%	6.35%	0.30%	2,028,637	3.70%	4.10%	0.20%	1,352,425	160
	8,469	351,630,436	FY 2010	5.75%	6.65%	0.30%	3,164,674	3.70%	4.30%	0.20%	2,109,783	249
	8,469	365,695,654	FY 2011	5.75%	6.95%	0.30%	4,388,348	3.70%	4.50%	0.20%	2,925,565	345
	8,469	380,323,480	FY 2012	5.75%	6.95%	0.00%	4,563,882	3.70%	4.50%	0.00%	3,042,588	359
Total Regular	154,279	5,029,878,253	FY 2005	5.75%	5.75%	0.00%	0	3.70%	3.70%	0.00%	0	0
	154,279	5,231,073,383	FY 2006	5.75%	5.75%	0.00%	0	3.70%	3.70%	0.00%	0	0
	154,279	5,440,313,318	FY 2007	5.75%	5.75%	0.30%	0	3.70%	3.70%	0.20%	0	0
	154,279	5,657,925,851	FY 2008	5.75%	6.05%	0.30%	16,973,778	3.70%	3.90%	0.20%	11,315,852	73
	154,279	5,884,242,885	FY 2009	5.75%	6.35%	0.30%	35,305,457	3.70%	4.10%	0.20%	23,536,972	153
	154,279	6,119,612,601	FY 2010	5.75%	6.65%	0.30%	55,076,513	3.70%	4.30%	0.20%	36,717,676	238
	154,279	6,364,397,105	FY 2011	5.75%	6.95%	0.30%	76,372,765	3.70%	4.50%	0.20%	50,915,177	330
	154,279	6,618,972,989	FY 2012	5.75%	6.95%	0.00%	79,427,676	3.70%	4.50%	0.00%	52,951,784	343