



## Fiscal Services Division

### ADMINISTRATIVE RULES – FISCAL IMPACT SUMMARIES

**December 13, 2011**

*Section 17A.4(4) Iowa Code 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](http://staffweb.legis.state.ia.us/lfb/docs/Admin_Rules/arfiscal_notes.htm)*

#### Department on Aging

#### ARC 9863B and 9864B

**Rule Summary** Rescinds and replaces the existing Chapter 4 relating to designation of planning and service areas and Area Agencies on Aging and allow for de-designation of AAA's pursuant to HF 45 and the Older Americans Act.

**Fiscal Impact** No fiscal impact.

#### ARC 9841B

**Rule Summary** Updates definitions for the Senior Internship Program, and updates the chapter to align with Department of Labor rules and policy.

**Fiscal Impact** No fiscal impact.

STAFF CONTACT: Jess Benson (Ext. 14611)

#### Economic Development Authority

#### ARC 9845B

**Rule Summary** Incorporates new incentive programs under the Iowa Economic Development Authority's (IEDA) Tax Credit Cap that were added in 2011 Iowa Acts, SF 517 (Economic Development Appropriations Act).

**Fiscal Impact** The additional tax credits are established under the IEDA's existing annual \$120.0 million tax credit cap. Assuming that the IEDA would reach this annual cap with or without the additional programs, adding new programs under the cap does not have a fiscal impact on net General Fund revenue.

#### ARC 9848B and 9846B

**Rule Summary** Creates a program called the State Small Business Credit Initiative (SSBCI) Demonstration Fund. The State was awarded \$13.2 million dollars from the United States Department of the Treasury SSBCI. The Iowa Economic Development Authority (IEDA) plans to use these funds to launch a Capital Access Program and expand the Iowa Demonstration Fund and Iowa Small Business Loan Program.

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**Fiscal Impact** As part of the initiative, the IEDA is allocating \$5.0 million for the SSBCI Demonstration Fund. There will be a total of \$155,550 available for administration costs of the Fund. No General Fund impact.

**Rule Summary** **ARC 9851B and 9852B**  
Rescinds the Generation Iowa Commission as required by HF 45 (Appropriation Adjustment Act) and creates the rules for the administration of the Iowa Power Fund within the Economic Development Authority (IEDA) as required by HF 590 (Iowa Partnership for Economic Progress Act).

**Fiscal Impact** The Iowa Power Fund Board voted to use the remaining balance of \$600,000 for contract administration costs for FY 2012-2014 at its April 2011 meeting. This administration is being done by the IEDA that assumed the duties of the Office of Energy Independence on July 1, 2011. Active projects are still in the process of completion or requesting modifications to the original contracts.

STAFF CONTACT: Kenneth Ohms (Ext. 52200)

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### Iowa Finance Authority

**Rule Summary** **ARC 9837B**  
Updates rules to incorporate the 2012 Qualified Allocation Plan (QAP), replacing the 2011 QAP.

**Fiscal Impact** No fiscal impact.

**Rule Summary** **ARC 9828B**  
Updates homeless group home shelter and domestic violence shelter program rules for consistency with the federal Emergency Shelter Grant Program. Allows domestic violence shelters to use a data collection and reporting system other than the Homeless Management Information System (HMIS) if the system collects client-level data over time and generates unduplicated aggregate reports based on that data.

**Fiscal Impact** No fiscal impact.

**Rule Summary** **ARC 9830B**  
Permits the Iowa Finance Authority (IFA) to award grants for implementation of the HMIS not to exceed 10.0% of the Emergency Shelter Grant Program allocation from the HUD. Concurs with federal guidance regarding domestic violence shelters and the HMIS.

**Fiscal Impact** The cost associated with the HMIS for the past three fiscal years has been \$129,000. This cost was previously paid by the Department of Economic Development Community Development Block Grant (CDBG) funds before the Program was moved to the IFA. The allocations from the HUD for the past three fiscal years have been approximately \$1.5 million, and 10.0% of this allocation is approximately \$150,000. There is no fiscal impact for the portion of the rule regarding domestic violence shelter reporting.

**Rule Summary** **ARC 9878B**  
Implements the Community Housing and Services for Persons with Disabilities Revolving Loan Program for Medicaid waiver-eligible individuals with behaviors that provide barriers to accessing traditional rental and supportive service opportunities.

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**Fiscal Impact** The Loan Program was funded in HF 649 (Health and Human Services Appropriations Act) from one-time FY 2010 carryforward funds from decategorization projects. The estimated amount of funds available is between \$2.8 and \$3.0 million.

STAFF CONTACT: Kenneth Ohms (Ext. 52200)

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### Insurance Division – Department of Commerce

**Rule Summary** Terminates ARC Number 9639B as a result of the number of substantive changes made to the amendments relating to comments received before and after the Insurance Division's August 23 public hearing. ARC 9854B contains these changes. **ARC 9853B**

**Fiscal Impact** No fiscal impact.

**Rule Summary** Provides duties and procedures for external review of adverse determinations of certain health insurance claims. Provides a uniform process for health insurance consumers to request an external review of adverse determinations and final adverse determinations of health carriers. Request forms and other information are included. Replaces ARC 9639B that was terminated in ARC 9853B. **ARC 9854B**

**Fiscal Impact** No fiscal impact. The Iowa Insurance Division can implement this rule without increased cost to the State.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561)

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### Board of Nursing

**Rule Summary** Terminates the rule making commenced in ARC 9621B. A new rule pertaining to Board of Nursing operations is found in ARC 9866B. **ARC 9868B**

**Fiscal Impact** No fiscal impact.

**Rule Summary** Changes the title of Board of Nursing Secretary to Vice Chairperson. Specifies that chairpersons will be selected rather than elected for standing committees established by the Board. Removes the use of Robert's Rules of Order for Board meetings. Replaces it with broader requirements to conduct meetings. **ARC 9866B**

**Fiscal Impact** No fiscal impact.

STAFF CONTACT: Aaron Todd (Ext. 16764)

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### Department of Public Health

**Rule Summary** Plumbing and Mechanical Systems Board: Reduces the current fees for journey, master, and contractor licenses by 50.0%. Waives the fee for all renewals between January 1, 2011, and December 31, 2012. Establishes a 30-day grace period for a lapsed license and additional reinstatement requirements for licenses that have lapsed more than 30 days. Provides for an annual review of the fee schedule and specifies the conditions for adjusting the fee schedule. **ARC 9847B**

**Fiscal Impact** There is no impact to the General Fund. The Board retains fees charged to licensees to fund its operations. This will significantly decrease revenue to the Board for FY

2011, FY 2012, and FY 2013. However, the Board currently has a large carryforward balance (\$3.7 million) and it is estimated that approximately \$780,000 will still be available by the time the next round of renewals occur in March of 2014.

**ARC 9849B**

**Rule Summary** Plumbing and Mechanical Systems Board: Redefines refrigeration; heating, ventilation, and air conditioning (HVAC); and hydronics. Clarifies the applicable licenses that individuals will need to apply for. Extends the licensing period from two to three years for all new licenses that are issued retroactively to January 1, 2011. Permits a candidate that passes the Board’s exam to wait up to two years to apply for the applicable license. Provides for guidelines for lapsed licenses and identifies a 30-day grace period before penalties are incurred. Provides for a waiver from examination for individuals in military service.

**Fiscal Impact** No fiscal impact to the General Fund. The Board retains fees charged to licensees to fund its operations. The proposed rules relating to the extension of the licensing period will decrease revenue to the Board; however, this will be offset by \$3.7 million of carryforward from FY 2010. This will be the main source of revenue for Board operations from January 1, 2011, to March of 2014.

**ARC 9850B**

**Rule Summary** Plumbing and Mechanical Systems Board: Revises the criteria for continuing education activities for all licensees, the standards for instructors, and the requirements for specialty licenses. Provides for the grounds for exempting continuing education requirements. One technical change was made after Noticed Rule ARC 9613B to replace the term “license biennium” with “continuing education compliance period.”

**Fiscal Impact** No fiscal impact. Licensees will incur savings due to the increase in the licensing period from two to three years without an increase in the required number of hours of continuing education.

**ARC 9880B**

**Rule Summary** Clarifies that the fees collected by the Office of the State Medical Examiner for specified services are considered repayment receipts as defined in Iowa Code Section 8.2.

**Fiscal Impact** No fiscal impact.

STAFF CONTACT: Aaron Todd (Ext. 16764)

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**Board of Regents**

**ARC 9869B**

**Rule Summary** Establishes a new application fee for non-degree students enrolling at Iowa State University to cover the administrative costs of processing admission applications. Updates admission requirements and process for specific colleges at the University of Iowa; for undergraduate and graduate students and students in the College of Veterinary Medicine at Iowa State University; and for undergraduate and graduate students at the University of Northern Iowa. Updates the telecommunications contacts and procedures for the three university campuses.

**Fiscal Impact** No fiscal impact.

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**ARC 9823B**

**Rule Summary** Clarifies rules to more accurately reflect the current scope of services provided by the State Hygienic Laboratory and to clarify submission of specimens and the process of waiving and deferring fees. Updates rules for the University of Iowa to reflect the current administrative organization of the university and update references and links to current practices and procedures. Updates rules for the University of Northern Iowa to reflect the current mission and administrative structure. Updates rules for the Iowa School for the Deaf to reflect the current mission, administrative structure, and processes.

**Fiscal Impact** No fiscal impact.

STAFF CONTACT: Robin Madison (Ext. 15270)

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### Department of Human Services

**ARC 9892B**

**Rule Summary** Makes the following technical changes to the nursing facility provider assessment:

- Changes the conditions affecting the amount of the quality assurance assessment fee to comply with federal provider tax waiver regulations.
- Clarifies when the assessment level will be determined.
- Clarifies that inadvertence or oversight does not constitute good cause for failure to timely pay the nursing facility quality assurance assessment.
- Updates legal references.

**Fiscal Impact** Minimal fiscal impact.

**ARC 9881B**

**Rule Summary** Allows Medicaid to recover the costs paid for medical care in cases of medical malpractice.

**Fiscal Impact** Estimated to save the General Fund \$406,000 in FY 2012 and \$500,000 in FY 2013.

**ARC 9884B**

**Rule Summary** Aligns reimbursement for Durable Medical Equipment (DME) for pharmacies equal to DME providers.

**Fiscal Impact** Estimated to save the General Fund \$77,000 in FY 2012 and \$95,000 in FY 2013.

**ARC 9882B**

**Rule Summary** Eliminates Medicaid coverage of certain optional drug categories for weight loss and cough and cold medication.

**Fiscal Impact** Estimated to save the General Fund \$127,000 in FY 2012 and \$156,000 in FY 2013.

**ARC 9834B and 9835B**

**Rule Summary** Removes the remaining exclusions from Medicaid coverage for drugs to promote cessation of smoking.

**Fiscal Impact** Estimated to cost \$24,000 in FY 2012 and \$36,000 in FY 2013. This change is required by the federal Patient Protection and Affordable Care Act.

**ARC 9883B**

**Rule Summary** Increases the Medicaid criterion for the medical necessity of orthodontia for children to a minimum score of 26 on the Salzmann index.

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<b>Fiscal Impact</b>	Estimated to save the General Fund \$1.2 million in FY 2012 and \$1.5 million in FY 2013.	
		<b>ARC 9886B</b>
<b>Rule Summary</b>	Eliminates reimbursement for the costs of graduate medical education in the calculation of Medicaid reimbursement for acute hospital inpatient and outpatient services provided by hospitals outside of Iowa.	
<b>Fiscal Impact</b>	Estimated to save the General Fund \$593,000 in FY 2012 and \$730,000 in FY 2013.	
		<b>ARC 9887B</b>
<b>Rule Summary</b>	Precludes Medicaid payments for inpatient hospital services based on hospital-acquired conditions when increased payments are not allowed under the Medicare program.	
<b>Fiscal Impact</b>	Estimated to save the General Fund \$325,000 in FY 2012 and \$400,000 in FY 2013.	
		<b>ARC 9889B</b>
<b>Rule Summary</b>	Requires providers that bill on paper claim forms to submit both the crossover claim form and the Explanation of Medicare Benefits when billing Medicaid for dually-eligible members.	
<b>Fiscal Impact</b>	Minimal fiscal impact.	
		<b>ARC 9888B</b>
<b>Rule Summary</b>	Changes the Department's procedures for implementation of the federal preadmission screening and annual resident review Preadmission Screening and Resident Review requirements for nursing facilities.	
<b>Fiscal Impact</b>	Estimated to save the General Fund \$2.5 million in FY 2012 and \$355,000 in FY 2013.	
		<b>ARC 9842B</b>
<b>Rule Summary</b>	Streamlines procedural requirements for determining eligibility under the IowaCare program.	
<b>Fiscal Impact</b>	No fiscal impact.	
		<b>ARC 9895B</b>
<b>Rule Summary</b>	Removes language related to determining the timeliness of a hardship request using the postmark on the envelope and replaces it with a timeliness standard of receipt by five working days after the premium due date for the IowaCare Program.	
<b>Fiscal Impact</b>	No fiscal impact.	
		<b>ARC 9890B</b>
<b>Rule Summary</b>	Makes the following changes to the IowaCare Program: <ul style="list-style-type: none"><li>• Establishes covered services to be reimbursed through the new funding pools.</li><li>• Establishes protocols for referring IowaCare members to another provider.</li><li>• Makes a technical correction that members are assigned to rather than enrolled in medical homes.</li><li>• Requires IowaCare providers to develop a process to improve communication and resolve care disputes when referring members for specialty and hospital care.</li></ul>	

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**Fiscal Impact** Estimated to cost \$780,000 in FY 2012 and \$800,000 in FY 2013 in State Funds from the IowaCare Account. Increased funds to the IowaCare Account have been provided by additional Polk County property tax levy matching funds.

### ARC 9829B

**Rule Summary** Requires volunteers with specific responsibilities at emergency juvenile shelters and juvenile detention facilities to have background checks. Currently, background checks are required for persons employed or residing in these facilities. Removes the prohibition of sharing background check information with applicants or employees.

**Fiscal Impact** Minimal impact to the State. The Department of Human Services is responsible for evaluations of background checks but the workload is expected to increase only slightly. There will be a fiscal impact for the specified facilities, depending on the number of volunteers, since they are responsible for the costs of background checks. The cost of background checks is expected to range from \$15 to \$35 depending on the method that the facility chooses.

### Special Review

**Rule Summary** Implements the annual adjustments to eligibility and payment levels in the State Supplementary Assistance Program that are necessary to meet the federal maintenance of effort or “pass-along” requirements.

**Fiscal Impact** Estimated to cost the General Fund \$170,000 in FY 2012 and \$319,000 in FY 2013.

STAFF CONTACT: Jess Benson (Ext. 14611) Aaron Todd (Ext. 16764)

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## Agricultural Development Authority

### ARC 9855B

**Rule Summary** Updates the structure of the Agricultural Development Authority to show that it is now established within the Iowa Department of Agriculture and Land Stewardship. Eliminates the requirement that a beginning farmer annually submit the IRS 1040 Schedule F form to the Authority to participate in the beginning farmer program. Clarifies the waiver authority.

**Fiscal Impact** No Impact.

STAFF CONTACT: Deb Kozel (Ext. 16767)

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## Department of Agriculture and Land Stewardship

### ARC 9816B

**Rule Summary** Transfers the rules of the Renewable Fuel Infrastructure Board from the Economic Development Authority (EDA) to the Department of Agriculture and Land Stewardship (DALs).

**Fiscal Impact** Minimal fiscal impact. The Renewable Fuel Infrastructure Fund balance at end of FY 2011 was approximately \$2.3 million; these funds will be transferred from EDA to DALs.

### ARC 9836B

**Rule Summary** Eliminates pseudorabies testing and isolation requirements for swine returning home or to a purchaser's field from an exhibition. Swine exhibition sponsors must register a post-event report to the Iowa Department of Agriculture and Land Stewardship.

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**Fiscal Impact** No fiscal impact.

STAFF CONTACT: Deb Kozel (Ext. 16767)

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### Capital Investment Board

**Rule Summary** Clarifies current duties and transfers tax credit responsibilities from the Iowa Capital Investment Board to the Iowa Economic Development Authority **ARC 9832B**

**Fiscal Impact** No fiscal impact

STAFF CONTACT: Jeff Robinson (Ext. 14614)

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### Educational Examiners Board

**Rule Summary** Permits a one-year teacher exchange license to be issued to individuals that submit verification of a valid and current out-of-state license or an expired out-of-state license. The exchange license cannot be converted or extended until a valid out-of-state license is presented. **ARC 9840B**

**Fiscal Impact** No fiscal impact.

**Rule Summary** Creates a new path for a teacher holding an endorsement in mathematics or chemistry to obtain a physics endorsement by completing 24 semester hours in physics or 30 semester hours in the broader area of science to include 15 semester hours of physics. **ARC 9839B**

**Fiscal Impact** No fiscal impact.

**Rule Summary** Creates a new path for teachers holding a physics endorsement to add a mathematics endorsement by completing 17 semester hours in math. **ARC 9838B**

**Fiscal Impact** No fiscal impact.

STAFF CONTACT: John Parker (Ext. 52249)

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### Professional Licensure Division – Department of Public Health

**Rule Summary** Board of Chiropractic Physicians: Adds a chiropractic State association to the list of entities that is permitted to provide a chiropractic assistant training program. **ARC 9885B**

**Fiscal Impact** No fiscal impact.

**Rule Summary** Board of Chiropractic Physicians: Clarifies that conviction of a crime includes when the judgment of conviction or sentence was deferred. **ARC 9862B**

**Fiscal Impact** No fiscal impact.



**ARC 9844B**

**Rule Summary** Board of Physician Assistants: Permits advanced notification by a supervising physician to the entity filling a prescription, of a list of supervised physician assistants that have been delegated prescriptive authority. Currently many billing systems do not have fields to allow multiple names to be submitted and current law requires a supervising physician's name to be included on each electronic prescription. Changes made to Notice Rule ARC 9580B due to public comment include, removal of the language related to providing an advanced notification of a list of supervised physician assistants that have been delegated prescriptive authority. Instead, the proposed rules provide for directions for using a memo or comment field in an electronic billing form to enter the required name when there is no dedicated field for that name.

**Fiscal Impact** No fiscal impact.

STAFF CONTACT: Aaron Todd (Ext. 16764)

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**Department of Public Safety****ARC 9827B**

**Rule Summary** Updates requirements for safety in electrical installations to comply with the 2011 edition of the National Electrical Code (NEC) rather than the 2008 edition.

**Fiscal Impact** No fiscal impact.

**ARC 9826B**

**Rule Summary** Updates requirements for safety in electrical installations to comply with the 2011 edition of the NEC rather than the 2008 edition.

**Fiscal Impact** No fiscal impact.

**ARC 9825B**

**Rule Summary** Updates on requirements for safety in electrical installations to comply with the 2011 edition of the NEC rather than the 2008 edition.

**Fiscal Impact** No fiscal impact.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

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**Real Estate Appraiser Examining Board****ARC 9865B**

**Rule Summary** Makes a nonsubstantive change to definitions for real estate appraisers. Clarifies that a temporary permit may be obtained by a non-Iowa certified appraiser by reciprocity. Revises definitions for continuing education through home-study/correspondence programs and for live instruction, and adds a definition for distance education. Removes a report-writing continuing education requirement.

**Fiscal Impact** No fiscal impact.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561)

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**Department of Revenue****ARC 9875B**

**Rule Summary** Clarifies existing rules and rule provisions related to the Department of Revenue reorganization and provides an update to Department practices regarding substitute tax forms. These amendments are identical to those published on October 5, 2011, as ARC 9797B.

**Fiscal Impact** No fiscal impact.

**ARC 9856B**

**Rule Summary** Establishes a 5.0% interest rate on interest-bearing taxes for calendar year 2012. The Director of the Department of Revenue is to determine and publish the interest rate for each calendar year. The interest rate for 2012 is the same as the interest rate for 2010 and 2011. Makes changes to the investment tax credit for equity investments in a qualifying business or community-based seed capital funds for investments made on or after January 1, 2011, (a) for Iowa individual income tax, (b) for Iowa corporation income tax, and (c) for Iowa franchise tax. Specifies the tax credit for investments in an innovation fund for investments made on or after January 1, 2011, (a) for Iowa individual income tax, (b) for Iowa corporation income tax, and (c) for Iowa franchise tax.

**Fiscal Impact** No fiscal impact. The tax credits for these investments are administered by the Iowa Economic Development Authority and are included in the \$120.0 million cap of tax credits awarded under Iowa Code section 15.119.

**ARC 9821B**

**Rule Summary** Implements legislative changes made to biodiesel fuel and ethanol (both E-15 and E-85) tax benefits and credits by SF 531 (Biofuel Retail and Production Incentives Act) and the technical changes in SF 533 (FY 2012 Standings Appropriations Act). Requires the annual report by retail motor fuel dealers to include gallons sold on both a companywide basis and site-by-site basis.

**Fiscal Impact** The General Fund reductions for implementing SF 531 are projected to be:

- FY 2012: \$1.2 million
- FY 2013: \$9.9 million
- FY 2014 – FY 2018: \$13.1 million to \$15.6 million
- FY 2019: \$6.4 million
- FY 2020: \$1.6 million

The administrative rule changes are a result of changes to the Iowa Code, so the costs can be attributed to those Code changes.

**ARC 9820B**

**Rule Summary** Makes clarifications resulting from coupling with the Internal Revenue Code to implement SF 512 and SF 533. Senate File 512 provides for an update to references to the Internal Revenue Code to January 1, 2011, coupling Iowa income tax law to federal tax changes. This affects tax years beginning on or after January 1, 2010. Senate File 512 also provides for disallowance for Iowa income tax of “bonus” depreciation allowed for federal income tax purposes for assets acquired during the 2010-2012 calendar years. Senate File 533 provides for retroactive coupling for Iowa income tax with certain federal tax provisions for the 2008 tax year and provides for special filing provisions related to certain 2010 tax changes for Iowa income tax.

Clarifies that the Department may no longer mail notifications to taxpayers concerning eligibility for Medicaid or the hawk-i program. Makes a variety of

clarifications and modifications for individual income tax, corporate income tax, and franchise tax deductions and credits.

**Fiscal Impact**

Senate File 512 (Internal Revenue Code Coupling Act) was projected to reduce net General Fund revenues by \$38.2 million in FY 2012 and \$21.6 million in FY 2013. Senate File 533 (Standing Appropriations Act) coupling of Iowa tax law with the federal tax code was projected to reduce net General Fund revenues by \$9.6 million in FY 2012 and have no future impact. These administrative rule changes are a result of changes to the Iowa Code, so the costs can be attributed to those Code changes.

**Rule Summary**

Amends rules to exempt active duty pay earned as part of Operation New Dawn from Iowa income tax retroactive to January 1, 2010, and to exempt from Iowa income tax all income earned as active duty pay while a member of the U.S. armed forces, the armed forces military reserve, or the National Guard retroactive to January 1, 2011. These changes implement HF 652 (Military Active Duty Income Tax Exemption Act).

**ARC 9822B****Fiscal Impact**

The General Fund reductions for implementing HF 652 are projected to be:

- FY 2012: \$11.2 million
- FY 2013: \$9.5 million
- FY 2014: \$10.2 million
- FY 2015: \$10.5 million

These administrative rule changes are a result of changes to the Iowa Code, so the costs can be attributed to those Code changes.

**Rule Summary**

Makes modifications to reflect changes in amounts and administration of various individual income tax credits and corporate tax credits as a result of SF 302 (Endow Iowa Tax Credit Limit), SF 361 (State Fairgrounds Trust Fund), SF 514 (Brownfields Redevelopment Tax Credit), SF 517 (Economic Development Appropriations), SF 521 (Historic Tax Credit), SF 533 (Standings Appropriations), HF 672 (Wind Production Tax Credits), and HF 697 (Omnibus Appropriations Bill – Taxation Amendment) enacted by the 2011 General Assembly. Some of the tax credits and factors affected are: historic preservation and cultural and entertainment district tax credits, endow Iowa tax credits, the maximum nameplate capacity eligible for wind energy production and for renewable energy tax credits, on-site consumption related to renewable energy tax credits, the aggregate amount of school tuition organization tax credits, redevelopment tax credits, and several tax checkoffs. These amendments are identical to those published on October 5, 2011, as ARC 9796B.

**ARC 9876B****Fiscal Impact**

Changes to the Iowa Code by SF 302 (Endow Iowa Tax Credit Limit), HF 697 (Omnibus Appropriations Bill – Taxation Amendment), and HF 972 (Wind Production Tax Credits) are projected to have the following fiscal impacts:

- Senate File 302 increased the annual limit for the Endow Iowa Tax Credit Program by \$800,000. Based on actual claims trends, General Fund revenues are projected to be reduced by \$291,000 in FY 2012, \$527,000 in FY 2013, and \$562,000 in FY 2014.
- House File 697 makes a variety of changes resulting in General Fund revenue reductions of \$29.4 million in FY 2012, \$14.6 million in FY 2013, and reductions ranging from \$13.6 million to \$13.9 million for FY 2014 to FY 2018.
- House File 672 made changes to wind energy production tax incentives. The estimate covers FY 2012 to FY 2033 and projects a combined General Fund revenue reduction of \$127.0 million. The annual impacts range from no change in FY 2012 to a high of \$12.0 million in FY 2022.

The Administrative Rule changes are a result of changes to the Iowa Code, so the costs can be attributed to those Code changes.

**ARC 9877B**

**Rule Summary** Removes the old mailing address for the Property Assessment Appeal Board from the rules.

**Fiscal Impact** No fiscal impact.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561)

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**School Budget Review Committee**

**ARC 9818B**

**Rule Summary** Amends rules pertaining to the School Budget Review Committee (SBRC) to account for statutory changes, accounting terminology changes, and general updates.

**Fiscal Impact** Rule changes regarding the school district cash reserve levies and SBRC determination of factors in granting modified allowable growth match statute changes made during the 2009 Legislative Session (HF 820 - FY 2010 Federal Block Grant Act) and the 2010 Legislative Session (HF 2030 – School District Unexpended Balances Act). Changes in statute and rules may result in a reduction in the amount levied by school district for cash reserves, however that amount is unknown.

STAFF CONTACT: Shawn Snyder (Ext. 17799)

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**Secretary of State**

**ARC 9879B**

**Rule Summary** Makes the following changes:

- Provides a technical correction related to the delivery of absentee ballot applications.
- Updates references to reflect updated Teletypewriter access technology utilized by persons with disabilities to locate handicapped accessible polling places.
- Requires all results for merged area special elections, including special precinct results, be tabulated by the school district and provides alternatives on how this may be done.
- Rescinds a rule that is no longer applicable due to the repeal of an Iowa Code requirement relating to primary election signatures for supervisor candidates.

The proposed rules have been modified since they were first noticed:

- The item that prohibited special elections on the three Tuesdays preceding January 15 of years ending in the number two has been withdrawn for further work.
- Provides alternatives on how merged area special elections are tabulated.

**Fiscal Impact** No fiscal impact.

**ARC 9891B**

**Rule Summary** Establishes a standard of maximum allowable deviation of population between school director districts and city wards when boundaries are drawn. The Iowa Code requires both school director districts and city wards to be as equal as practicable to the ideal population determined as follows:

- By dividing the total population of the school district by the number of director districts.
- By dividing the total population of the city by the number of wards.

A technical change was made since the rule was first noticed.

**Fiscal Impact** No fiscal impact.

**Rule Summary** **ARC 9893B and 9894B**  
Prohibits special elections on the three Tuesdays preceding and following January 15 of years ending in the number two. The change is necessary to allow the statewide voter database to be updated during the redistricting process.

**Fiscal Impact** No fiscal impact.

**Rule Summary** **ARC 9896B**  
Terminates the noticed rule that provided an update to the administrative rule to reflect the newest version of voting system testing guidelines approved by the U.S. Election Assistance Commission in 2005 and effective in December 2007. This would enable new voting systems to be considered for approval by the Iowa Board of Voting Equipment Examiners. The rule was also filled emergency and will remain in place.

**Fiscal Impact** No fiscal impact.

**Rule Summary** **ARC 9860B and 9861B**  
Codifies in rules the fees that have been collected in the past as permitted by Iowa Code sections 489.117(4) and 490.1622(3), for biennial reports filed with the Secretary of State as required by Iowa Code sections 489.209 and 490.1622. The proposed rules reference Iowa Code Section 490.1621 that was repealed by the 2002 Acts. The reference should be to Iowa Code section 490.1622

**Fiscal Impact** No fiscal impact.

**Rule Summary** **ARC 9859B**  
Specifies actions related to applications and filing requirements for corporations by adding a new subsection that requires a registered agent to provide an email address if filing online to receive notices and other communication.

**Fiscal Impact** No fiscal impact.

**Rule Summary** **ARC 9857B**  
Adds a subsection pertaining to the revocation of a notary license pursuant to the requirements set forth in the Iowa Administrative Procedure Act.

**Fiscal Impact** No fiscal impact.

STAFF CONTACT: Ron Robinson (Ext. 16256)

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**State Public Defender**

**Rule Summary** **ARC 9817B**  
Updates rules and terminology to reflect current practices, rescinds unnecessary rules, and explains practices regarding appointment of counsel and submission of indigent defense attorney fee claims.

**Fiscal Impact** No fiscal impact.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

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**Department of Transportation**

**ARC 9873B**

**Rule Summary** Proposes amendments that reaffirm the principle access to the primary highway system controls, renumbers the subrules, update the website address to reflect the Office of Traffic and Safety's home page, identifies the permit approval process for access management and utility accommodation, amends and enhances the Department of Transportation's methodology concerning the evaluation of a proposed allowance, and corrects the waiver process so the requirements are consistent with all the requirements in existing administrative code.

**Fiscal Impact** No fiscal impact

**ARC 9833B**

**Rule Summary** Implements HF 651 (Special Plates Act) and SF 312 (Business Trade License Plates Act) enacted during the 2011 Legislative Session. House File 651 created seven new special license plates, while SF 312 eliminated seven plates by eliminating standard business trade, special farm, and the five designs for combined business trade and special plates. The seven new special plates per HF 651 are as follows: Civil War Sesquicentennial, Fallen Peace Officers, Combat Infantryman Badge, Combat Action Badge, Combat Action Ribbon, Combat Medical Badge, and Air Force Combat Action Medal. The seven new plates provide revenues for various purposes.

**Fiscal Impact** Minimal fiscal impact. The elimination of the plates per SF 312 will save production costs that would have been paid from the Road Use Tax Fund. Based on the number of existing vehicles with those types of plates, the savings will be approximately \$5,900 per year for the Road Use Tax Fund.

The manufacturing cost of the seven special plates per HF 651 will result in a loss to the Road Use Tax Fund. It is unknown, however, how many orders for the new plates will be made. The seven new plates require 250 orders, with a start-up fee of \$20.00 before production of the plates begins. The start-up fees will defray the initial costs of manufacturing by providing the first \$5,000 for production of the plates. Approximate production cost for a special plate is \$4.34 per plate with another 10.0% for administrative costs, resulting in total cost per plate of approximately \$4.80. The revenues from the special plates are directed to the specified purposes, so continued production of the plates will be a loss to the Road Use Tax Fund by however many plates are ordered. For example, if 500 plates are ordered in future years, the cost of manufacturing to the Road Use Tax Fund would be \$2,400, but if only 10 plates are ordered, the cost would be \$48.00.

In addition, there are one-time programming costs for the new plates, currently estimated at \$55.00 per hour, that occur no matter how many plates are ordered. The DOT previously indicated that each new plate will require 80 hours of programming, or approximately \$4,400. The costs are incorporated in the operating budget funded from by the Road Use Tax Fund (96.0%) and Primary Road Fund (4.0%). The estimated cost for DOT staff to program seven new plates is \$29,568 from the Road Use Tax Fund and \$1,232 from the Primary Road Fund.

**ARC 9874B**

**Rule Summary** Proposes amendments to provide the Department flexibility in the decision-making regarding the issuance of licenses, clarifications for testing and vehicle equipment, and expansion of licensing fee payment options.

## Administrative Rules – Fiscal Impact Summaries

December 13, 2011

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**Fiscal Impact**      No fiscal impact

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### Utilities Board – Department of Commerce

**Rule Summary**      Establishes procedures for rate-regulated natural gas utilities to implement automatic adjustment mechanisms to recover certain capital investment costs between general rate proceedings. One type of automatic adjustment mechanism applies the traditional criteria for adopting an automatic adjustment mechanism, and the second type establishes criteria for recovery of capital infrastructure investment that is required by government mandate or federal pipeline safety regulations. The automatic adjustment terminates when the final rates for the utility's next general rate case become effective. The rule sunsets in four years. **ARC 9831B**

**Fiscal Impact**      No fiscal impact for the State.

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