



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](http://staffweb.legis.state.ia.us/lfb/docs/Admin_Rules/arfiscal_notes.htm).

DEPARTMENT OF ADMINISTRATIVE SERVICES

**ARC 4290B and ARC 4291B**

**Rule Summary** The rule updates the description of the Department's organizational structure by providing for the appointment of a State Chief Information Officer within the Department, eliminating the Information Technology Council and replacing it with the Technology Governance Board, and revising the mission of the Department to change the focus from one of implementing the organization, to one of providing products and services.

**Fiscal Impact** No fiscal impact.

**ARC 4292B and ARC 4293B**

**Rule Summary** The rule implements HF 748 (State Employees' Education Savings Plan Trust Act). The Act establishes an optional State employee payroll deduction for qualified tuition program contributions when at least 500 State employees request the deduction from the same eligible qualified tuition program on forms prescribed by the payroll administrator, and the tuition program representative has entered into an agreement with the State delineating each party's rights and responsibilities. Tuition program representatives may meet with employees at the workplace on non-work time to obtain enrollees, provided the program representative's materials have been approved by the payroll administrator, and the program representative has received all required permissions from the local facility manager to hold the meeting.

**Fiscal Impact** No fiscal impact.

**ARC 4294B and ARC 4295B**

**Rule Summary** The rule implements HF 814 (State Purchase, Electronic Bidding Act). The Act adds enforcement conditions to provisions presently found in Section 73.2, Code of Iowa, which requires the posting of any request for bids or proposals on the official State Internet web site operated by the Department of Administrative Services. State agencies are required to implement the requirements by September 1, 2005.

**Fiscal Impact** No fiscal impact.

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### ARC 4289B

**Rule Summary** The rule relates to the disposal of surplus property, and incorporates current procedures for inspecting, selecting, and removing personal property under the Director's control from State agencies or from State storage. The rule also allows the Director to enter into multiple agreements with State agencies or nonprofit entities to dispose of surplus property. Additionally, the rule authorizes an agency with property outside the Des Moines area to conduct an auction to dispose of the property and deposit the net proceeds into the General Fund.

**Fiscal Impact** No fiscal impact.

STAFF CONTACT: Ron Robinson (Ext. 16256)

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## DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP

### ARC 4286B and ARC 4285B

**Rule Summary** Amends the rules governing the administration of the Farmers' Market Special Supplemental Food Program to comply with federal law by including provisions and rules governing the Senior Farmers' Market Nutrition Program. Additional farm stands may require inspections, but the inspections would be performed by existing staff. The rule does not impose additional costs on participating farmers' markets or farm stands.

**Fiscal Impact** No fiscal impact.

STAFF CONTACT: Debra Kozel (Ext. 16767)

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## ARCHITECTURAL EXAMINING BOARD – PROFESSIONAL LICENSING DIVISION, DEPARTMENT OF COMMERCE

### ARC 4390B

**Rule Summary** The rule permits architects to register with an inactive status.

**Fiscal Impact** The fiscal impact is unknown since the number of people that will register with the inactive status is unknown. The registration fee is \$200 for an active status, \$100 for an inactive status, and \$50 for retirees. Persons who allow a license to lapse are required to pay the \$200 registration fee, in addition to \$25 per month, up to a maximum of \$750, for each month the license has lapsed. Fees are deposited into the General Fund.

### ARC 4282B

**Rule Summary** The rule clarifies that an applicant must pass all parts of the exam within five years of passing the first part. This is in accordance with the National Council of Architectural Registration Board's (NCARB) requirements.

**Fiscal Impact** No fiscal impact.

STAFF CONTACT: Ron Robinson (Ext. 16256)

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## DEPARTMENT OF CORRECTIONS

### ARC 4404B and ARC 4403B

**Rule Summary** The rule complies with requirements of HF 619 (Sex Offender Registry Act), specifically, conducting risk assessments on sex offenders to provide the Department of Public Safety with information to update the Sex Offender Registry. The proposed

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rule defines the risk assessment tools to be used, and provides a process for offenders to follow who contest a risk assessment score. The rule complies with the Supreme Court decision regarding administrative appeals (*Bryan Brummer v. Iowa Department of Corrections*, 9661 N.W.2d 167, Iowa 2003).

**Fiscal Impact** Attorney General's Office: The estimated cost to be absorbed by the Office is approximately \$35,000 annually.

DOC and CBC District Departments: The estimated cost to be absorbed by the Corrections System is approximately \$279,000 annually. This estimate includes \$140,000 for the cost of contested cases (Administrative Law Judge, ICN line charges, and one-time programming costs) plus \$139,000 for additional staff due to increased workload from conducting the risk assessments.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

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### CULTURAL AFFAIRS

**ARC 4392B**

**Rule Summary** Clarifies the definition of Cultural and Entertainment Districts. Affirms the availability of rehabilitation tax credits for projects in such Districts.

**Fiscal Impact** No fiscal impact.

STAFF CONTACT: Robin Madison (Ext. 15270)

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### DENTAL EXAMINERS BOARD – DEPARTMENT OF PUBLIC HEALTH

**ARC 4364B**

**Rule Summary** Clarifies the renewal and reinstatement procedures for a local anesthesia permit.

**Fiscal Impact** No fiscal impact.

**ARC 4362B**

**Rule Summary** Changes the renewal term of a resident license from an annual renewal to a license period that extends until the expected date of completion of the resident training program; changes the renewal term of a dental hygiene license from a biennial period to a one-year period for the renewal term of July 1, 2006, and ending June 30, 2007. For the renewal term beginning July 1, 2007, and ending June 30, 2009, dental hygiene licenses are to be renewed biennially and expire on June 30 of every odd-numbered year. Also, increases application and renewal fees, along with fees for issuing duplicate certificates and renewals, and written verifications of licensure or registration status.

**Fiscal Impact** The estimated fiscal impact is an increase of \$169,000 in revenues generated from the increase in licensure fees paid by those in the practice of dentistry. Of this, the Board will retain \$153,000 for activities related to the Board, and approximately \$17,000 will be deposited into the General Fund. House File 825 (FY 2006 Health and Human Services Appropriations Act) contained codification language to allow the Board to retain and expend 90.0% of revenues generated from any fee increase after July 1, 2005.

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### ARC 4363B

**Rule Summary** Extends the length of time that a dental assistant trainee has to complete Board-approved education and examinations from six to 12 months; allows the Board to waive the written examination in accordance with 650 Iowa Administrative Code, Chapter 7, in practice situations where the written examination is deemed to be unnecessary or detrimental to a dentist's practice; lowers the minimum age for dental assistant registration to 17; and clarifies the reinstatement requirements for a dental assistant whose radiography qualification has been lapsed for less than four years.

**Fiscal Impact** No fiscal impact.

STAFF CONTACT: Lisa Burk (Ext. 17942)

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## DEPARTMENT OF ECONOMIC DEVELOPMENT

### ARC 4419B and ARC 4374B

**Rule Summary** Updates the description of the Iowa Economic Development Board to incorporate changes pursuant to House File 868 (FY 2006 Grow Iowa Values Act). The rule adds descriptions of three new committees that the IDEB Board is directed under the Act to establish: the Due Diligence Committee, the Loan and Credit Guarantee Committee, and the Technology Commercialization Committee.

Additional proposed rule revisions include updating the chapter to include information about Board meeting procedures and processes, updating the Department's web site address, and other technical corrections to Code of Iowa references.

**Fiscal Impact** No fiscal impact.

### ARC 4420B and ARC 4370B

**Rule Summary** The proposed rule adds a new chapter to implement HF 868 (FY 2006 Grow Iowa Values Act) and HF 809 (FY 2006 Economic Development Appropriations Act), which establish and provide funding to the Grow Iowa Values Fund. The rule describes the allocation of moneys in the Fund, the allowable uses of Values Fund Assistance, application procedures, wage requirements, approval procedures, and contract administration provisions.

**Fiscal Impact** The fiscal impact is \$42.0 million annually from FY 2006 to FY 2015. This includes the amount appropriated for Department of Economic Development (DED) Programs (\$35.0 million), Regents Institutions (\$5.0 million), the Iowa Cultural Trust Fund (\$1.0 million), and State, destination, and banner parks (\$1.0 million). The remaining \$8.0 million impact of the \$50.0 million Grow Iowa Values Fund appropriation appears in the rules that follow.

### ARC 4421B and ARC 4368B

**Rule Summary** The amendments to Chapters 7 (Iowa Jobs Training Program), 9 (Workforce Training and Economic Development Funds), and 20 (Accelerated Career Education (ACE) Program) update statutory references and replace Values Fund Board references with DED Board references.

The amendments to Chapter 7 revise language related to HF 868, such as Board designations and statutory references. These amendments, following consultation with the community colleges, include minor revisions related to how the funds are distributed to accounts within the program, allow the community colleges to establish accounts for administration and payment of funds for training provided, and allow

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prospective employee training to meet limited short-term training for individuals to be hired upon completion of the training.

The amendments to Chapter 9 also add a provision to permit operational expenses associated with vocational technical training.

**Fiscal Impact** The fiscal impact is \$7.0 million annually from FY 2006 to FY 2015, which is the amount appropriated in HF 809 for Workforce Training and Economic Development Funds.

### ARC 4413B

**Rule Summary** The proposed new chapter is intended to implement HF 868 and HF 809, which establish and provide funding for economic development region activities through the Grow Iowa Values Fund. The rule describes the economic development region activities for which funding is available, application procedures, and approval procedures.

**Fiscal Impact** The fiscal impact is \$1.0 million annually from FY 2006 to FY 2015. This is the amount appropriated for Economic Development Region Financial Assistance in HF 809.

### ARC 4414B

**Rule Summary** The proposed new chapter is intended to implement HF 868 and HF 809, which authorize tax credits for investments in Economic Development Region Revolving Funds. The rule describes the amount of tax credits available, application procedures, and other requirements applicable to this new tax credit program.

**Fiscal Impact** The fiscal impact is \$2.0 million annually. This amount could vary in future fiscal years depending on the amount of tax credits awarded in one fiscal year. House File 868 allows up to \$2.0 million annually in tax credits awarded, plus any unused tax credits from the previous fiscal year.

### ARC 4415B

**Rule Summary** The proposed amendment to the Endow Iowa Grants Program adds a new definition of "endow Iowa qualified community foundation," includes Endow Iowa Qualified Community Foundations as eligible applicants, and updates various Code of Iowa references.

**Fiscal Impact** House File 809 appropriates \$50,000 annually from FY 2006 to FY 2008 for the lead philanthropic entity.

### ARC 4416B

**Rule Summary** The proposed amendment to the Endow Iowa Tax Credits Program adds new definitions of "community affiliate organization" and "endow Iowa qualified community foundation," updates Code of Iowa references, and makes other technical corrections to correspond to recent legislative revisions. The rule also revises the allocation amount from an aggregate of \$2.0 million to a total of \$2.0 million annually, and sets aside 25.0% of the total annual amount available for tax credits, for permanent endowment gifts made to community affiliate organizations or made in conjunction with the Endow Iowa Grants Program.

**Fiscal Impact** As detailed in the fiscal note for HF 868, General Fund revenues will be reduced by \$1.0 million in FY 2006, \$2.0 million in FY 2007 and FY 2008, and \$1.0 million in FY 2009.

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### ARC 4417B and ARC 4371B

**Rule Summary** The proposed rule to the Community Economic Betterment Account (CEBA) Program removes a reference to the Community Economic Betterment Review Committee, and replaces it with a cross reference to the Due Diligence Committee created by the IDED Board to review financial applications. The rule also clarifies the wage requirements for projects receiving over \$500,000, and revises the wage requirements for the modernization projects.

**Fiscal Impact** No fiscal impact.

### ARC 4409B and ARC 4372B

**Rule Summary** The new rule addresses the applicability of contracts and awards made under the New Jobs and Income Program and the New Capital Investment Program, both of which were repealed effective July 1, 2005. In addition, the rule specifies the eligibility requirements; the application review process; the determination of award amounts; and the agreement, compliance, and repayment provisions of the new High Quality Job Creation Program.

**Fiscal Impact** As specified in the fiscal note for HF 868, General Fund revenues will be reduced by \$5.5 million in FY 2007. The reduction in revenues will increase each year until FY 2011, when General Fund revenues will be reduced by \$12.7 million annually.

### ARC 4418B

**Rule Summary** The proposed rule to the Enterprise Zone Program adds a definition of “annual base rent”; extends the time period for zone certification from July 1, 2005, to March 1, 2006; requires amortization of the investment tax credit over five years; removes the limitations concerning when the Department may negotiate an award; rescinds references to the New Jobs Tax Credit; and updates provisions applicable to the housing enterprise zone component.

**Fiscal Impact** No fiscal impact.

### ARC 4410B and ARC 4373B

**Rule Summary** The proposed rule to the Loan and Credit Guarantee Program adds microenterprises as eligible applicants, removes references to the Loan and Credit Guarantee Advisory Board and replaces them with references to the Loan and Credit Guarantee Committee established by the IDED Board, clarifies that the IDED Board has final decision-making authority on applications, and adds a provision applicable to the loan and credit guarantee authorization fee for projects involving a line of credit.

**Fiscal Impact** No fiscal impact.

### ARC 4411B and ARC 4412B

**Rule Summary** House File 868 (Grow Iowa Values Fund) requires the DED to update program wage thresholds on a quarterly basis under the High Quality Job Creation Act (HJCA). For purposes of consistency among other Department-administered financial assistance programs, the quarterly program wage thresholds calculations under the Act will be used for all DED financial assistance programs. This amendment establishes a new Division IV, Program Wage Thresholds Calculations. The rule describes the Department’s process for updating program wage thresholds, clarifies that the thresholds apply to other Department-administered programs, and provides a transition period for pending applications.

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**Fiscal Impact** No fiscal impact.

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### EDUCATIONAL EXAMINERS BOARD – DEPARTMENT OF EDUCATION

**Rule Summary** Updates terms used in the requirements for the home economics endorsement. **ARC 4355B**

**Fiscal Impact** No fiscal impact.

**Rule Summary** Rescinds rules for special education endorsements that contain a sunset date of August 31, 2004. **ARC 4359B**

**Fiscal Impact** No fiscal impact.

**Rule Summary** Establishes a one-year “bridge” license for new teachers needing only one additional year of experience to obtain a standard license. Pertains primarily to parochial school teachers, who are required to complete three years of mentoring, rather than the two years required of public school teachers. **ARC 4356B**

**Fiscal Impact** No fiscal impact.

STAFF CONTACT: Robin Madison (Ext. 15270)

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### ENVIRONMENTAL PROTECTION COMMISSION – DEPARTMENT OF NATURAL RESOURCES

**Rule Summary** Terminates proposed rule ARC 3873B relating to animal feeding operations due to the passage of HF 805 (Open Feedlots Act). The legislation will require new rules. **ARC 3873B and ARC 4354B**

**Fiscal Impact** No fiscal impact.

**Rule Summary** The rule clarifies new requirements regarding underground storage tanks, including requirements for self-insurance. The rule also includes requirements for insurance providers of claims-made policies to notify the insured and any additional named insured of a six-month extended reporting expiration date in any written final cancellation or non-renewal notice. Additionally, the rule requires language in an insurance endorsement or certificate of insurance that allows the Iowa Department of Natural Resources to take necessary steps on behalf of the insured to preserve existing coverage under the terms of the policy. **ARC 4353B**

**Fiscal Impact** No fiscal impact.

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### IOWA FINANCE AUTHORITY – DEPARTMENT OF ECONOMIC DEVELOPMENT

**Rule Summary** Replaces the current allocation plan for the State Housing Trust Fund with the 2006 allocation plan. Through the State Housing Trust Fund, the authority seeks to further its mission with respect to affordable housing. The plan outlines the application **ARC 4422B**

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procedure, program guidelines, and other necessary requirements of the Fund. The rule proposes to adopt the 2006 Trust Fund Allocation Plan, which is defined in subrule 19.1(16). The Trust Fund allocation plan sets forth the purpose of the State Housing Trust Fund Program, the administrative information required for participation in the Program, the threshold criteria, the selection criteria, and other applicable requirements.

**Fiscal Impact** No fiscal impact. Funds were not appropriated to the State Housing Trust Fund for FY 2006. Awards are expected to be made with Local Housing Assistance Program funds and with repayments and earnings from existing trust fund assets.

### ARC 4405B

**Rule Summary** Proposes a new chapter concerning the Transitional Housing Revolving Loan Program operated by the Authority. Through the Program, the Authority seeks to assist in the development of affordable housing for parents that are reuniting with their children while completing or participating in substance abuse treatment. The rules outline the purpose, application procedure, program guidelines, and other necessary requirements of the Transitional Housing Revolving Loan Program.

**Fiscal Impact** The Authority has been appropriated \$1.4 million for this purpose. The funds, however, will be loaned to owners, not expended, and interest earned on the loans will remain in the Transitional Housing Loan Program Fund.

### ARC 4406B

**Rule Summary** Proposes a new chapter concerning the Home and Community-Based Services Rent Subsidy Program to be operated by the Authority. Through the Program, the Authority seeks to provide rent subsidy for persons that participate in a home and Community-Based Service (HCBS) Waiver Program, and that meet the nursing facility level of care for Home and Community-Based Waiver services as established on or after July 1, 2005. The rule outlines the purpose, application procedure, program guidelines, and other necessary requirements of the program.

**Fiscal Impact** For FY 2006, the Authority was appropriated \$700,000 from the Senior Living Trust Fund for this purpose.

STAFF CONTACT: Russell Trimble (Ext. 14613)

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## DEPARTMENT OF HUMAN SERVICES

### ARC 4336B and ARC 4323B

**Rule Summary** Terminates certain social services, and places limitations on the appeals process.

**Fiscal Impact** No fiscal impact.

### ARC 4395B

**Rule Summary** Creates a process for determining financial responsibility for the care of persons at the State's mental health institutes or for persons receiving Medical Assistance (Medicaid) when a Legal Settlement Dispute between a county and the State cannot be resolved.

**Fiscal Impact** Outstanding payments should decrease due to the specific timeframes required in legislation enacted in 2004. The State is only responsible for those disputes involving individuals determined to be a State case. Therefore, the fiscal impact should be negligible.



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### ARC 4335B and ARC 4322B

**Rule Summary** Eliminates various payments and reimbursements based on an agreement with the federal Centers for Medicare and Medicaid Services (CMS) for termination of Intergovernmental Transfers (IGT) revenues.

**Fiscal Impact** The Intergovernmental Transfers were estimated to provide \$66.1 million in State revenues to the Medicaid Program in FY 2006. The \$66.1 million generated \$115.0 million in federal matching funds, for a total of \$181.1 million to the Medicaid Program. The elimination of the Transfers by the federal Centers for Medicare and Medicaid Services (CMS) results in an estimated State shortfall to the Medicaid Program of \$66.1 million in FY 2006; however, \$53.2 million was generated with reductions in appropriations to the State University of Iowa Hospitals and Clinics (SUIHC) and the four Mental Health Institutes (MHI) in HF 825 (Health and Human Services Appropriations Act) to help offset the loss. The result is a net loss to the State General Fund of \$12.9 million. Additional information is provided in the following paragraphs.

Prior to July 1, the Indigent Care Program at the University of Iowa, the Mental Health Institutes, and Broadlawns Hospital utilized \$89.2 million in 100.0% State and county funds to provide health care to the indigent and uninsured. The IowaCare Program provides coverage to those same individuals with 63.6% federal matching funds, reducing the State and county cost to \$34.0 million. This estimated State and county savings of \$55.2 million is transferred to the Medicaid Program.

The Medicaid Expansion Program funding will likely not cover all of the possible individuals. The Disproportionate Share Hospitals (DSH) and Graduate Medical Education (GME) funds are to offset what is not covered by this Medicaid Expansion. If the Disproportionate Share Hospitals and Graduate Medical Education funds are not sufficient to fully cover any gap between the amount appropriated and the amount covered by the Medicaid expansion, the remaining gap would be covered by 100.0% of State funds. This would increase the cost to the State above the \$12.9 million net loss estimated if federal matching funds are available for the entire Program.

### ARC 4334B and ARC 4321B

**Rule Summary** Decreases the income limit for the supplement for Medicare- and Medicaid-eligible individuals with the State Supplementary Assistance (SSA) Program.

**Fiscal Impact** The State savings of \$2.1 million in the Medicaid Program and the minimal cost to the State Supplementary Assistance Program is reflected in the FY 2006 appropriation. The Department now estimates a savings of \$1.9 million.

### ARC 4320B

**Rule Summary** Establishes a coverage group for women who are Medicaid-eligible after pregnancy or have an income under 200.0% of the federal poverty level.

**Fiscal Impact** The General Fund will realize a savings of an estimated \$573,000 in the first year, and an estimated savings of \$2.4 million in the second year. The result is a net savings due to the decrease in the number of births. Approval of a federal waiver is required.

### ARC 4396B

**Rule Summary** Allows the Iowa Medicaid eligibility requirements for inmates to conform to the federal rule. Also allows those with religious objections to withhold a social security number.

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<b>Fiscal Impact</b>	<u>Iowa Medicaid Eligibility Requirements</u> : The fiscal impact cannot be determined. The change will likely allow more inmates to be enrolled, which will result in increased costs in the Medicaid Program for the State match. The amount of the enrollment increase cannot be determined. These costs are currently absorbed by the Department of Corrections and the University of Iowa Hospitals and Clinics Indigent Care Program (IowaCare Program). Drawing 2/3 federal matching funds through Medicaid will provide a cost savings to their budgets. The amounts, however, cannot be determined.  <u>Withholding of Social Security Number</u> : No fiscal impact.
	<b>ARC 4319B</b>
<b>Rule Summary</b>	Provides for an annual update in the Statewide average costs and charges used for Medicaid for nursing facilities, and updates average charges for Intermediate Care Facilities for the Mentally Retarded (ICF/MRs) when determining the disposition of income for a Medical Assistance income trust.
<b>Fiscal Impact</b>	The estimated fiscal impact is an increase of between \$100,000 and \$500,000 due to additional individuals being eligible for Medicaid.
	<b>ARC 4397B</b>
<b>Rule Summary</b>	Limits the maximum prescription amount to a 30-day supply for the Medicaid Program. Most prescriptions are currently limited to 30 days; however, some are available as a 90-day supply. This limits all to 30 days.
<b>Fiscal Impact</b>	There will be a one-time cost savings due to the transfer of dually-eligible clients (those eligible for both Medicare and Medicaid) to the new federal Medicare Part D Prescription Drug benefit on January 1, 2006. The estimated General Fund savings in FY 2006 is \$44,000.
	<b>ARC 4333B and ARC 4318B</b>
<b>Rule Summary</b>	Provides a 3.0% reimbursement rate increase for most Medicaid providers.
<b>Fiscal Impact</b>	The estimated fiscal impact is an increase of \$16.5 million, which was provided in the FY 2006 appropriation for the Medicaid Program in HF 825 (Health and Human Services Appropriations Act), and a \$28.8 million increase in federal matching funds.
	<b>ARC 3452B and ARC 4337B</b>
<b>Rule Summary</b>	The rule relates to the Medicaid reimbursement for hospital care at a State-owned hospital with more than 500 beds.
<b>Fiscal Impact</b>	The rule is being terminated by the Department due to the enactment of HF 841 (IowaCare Medicaid Reform Act).
	<b>ARC 4332B and ARC 4317B</b>
<b>Rule Summary</b>	Changes the source of reference data for certain pharmacy claims.
<b>Fiscal Impact</b>	No fiscal impact.
	<b>ARC 4331B and ARC 4316B</b>
<b>Rule Summary</b>	Changes drug co-payment policies.
<b>Fiscal Impact</b>	The estimated fiscal impact is a loss in co-payment revenue of \$874,000 and a loss of \$1.5 million in federal funds for FY 2006.

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### ARC 4330B and ARC 4315B

**Rule Summary** Provides for the preamble and initiation of the IowaCare Program.

**Fiscal Impact** Multiple fiscal impacts and actions result from the enactment of HF 841 (IowaCare Medicaid Reform Act) and these administrative rules. Please refer to the fiscal impact for rules ARC 4335B and ARC 4322B for additional information.

### ARC 4329B and ARC 4314B

**Rule Summary** Implements the process for federal Medicare Part D drug subsidy eligibility.

**Fiscal Impact** The fiscal impact is \$2.7 million in State funds, which was included in HF 825 (FY 2006 Health and Human Services Appropriations Act), to provide additional staff to undertake these responsibilities and other Medicaid Reform activities.

### ARC 4399B and ARC 4398B

**Rule Summary** Implements the IowaCare Program.

**Fiscal Impact** With the plan to maximize federal funding, the minimum shortfall in replacing the Intergovernmental Transfers (IGT) revenue with other federal funds matched with State and county funds, is a decrease of \$12.9 million to the State General Fund. Please refer to the fiscal impact for rules ARC 4335B and ARC 4322B for additional information.

### ARC 4328B and ARC 4313B

**Rule Summary** The rule increases reimbursement rates for foster and adoptive parents, bringing rates up to 65.0% of the USDA estimate of the cost to raise a child in the Midwest, effective July 1, 2005. The rule also implements a 3.0% across-the-board rate increase for social services providers for FY 2006, using rates effective June 30, 2005. The rates will increase by 3.0%, or to the provider's actual and allowable cost plus inflation for each service, whichever is less.

In addition, the rule makes changes to the way the DHS pays emergency juvenile shelter providers, and the way in which the purchase of service agency contracts may be initiated in the event a Request for Proposal (RFP) is used to select contractors to provide a service.

**Fiscal Impact** It is estimated that the total cost of increasing reimbursement rates for foster and adoptive parents will be \$1.9 million. Of this, \$1.1 million will be paid from the State General Fund and \$800,999 will be paid from federal funds in FY 2006. House File 825 (FY 2006 Health and Human Services Appropriations Act) provides additional funds in the Child and Family Services appropriation for this purpose. State costs will be slightly higher in FY 2007 due to a change in the federal financial participation rate.

It is estimated that the total cost of increasing rates for social services providers will be \$348,000. Of this amount, \$280,000 will be paid from the State General Fund and \$69,000 will be paid from federal funds in FY 2006. House File 825 provides additional funds in the Child and Family Services appropriation for this purpose. State costs will be slightly higher in FY 2007 due to a change in the federal financial participation rate.

It is estimated there will be no additional fiscal impact if the DHS uses a Request for Proposal (RFP) to contract for shelter care services. Shelter Care is capped at \$7.0 million within the Child and Family Services appropriation.

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### ARC 4401B and ARC 4400B

**Rule Summary** The rule revises the Child Care Assistance fee chart to reflect the new federal poverty levels (FPL), increases the maximum gross income limit for basic care to 145.0% of the federal poverty level, and increases special needs care to 200.0% of the level. The rule also updates provider reimbursement rate ceilings to reflect the 2002 provider rate survey.

**Fiscal Impact** The total estimated cost for these changes is an increase of \$9.9 million for FY 2006, with implementation to begin on September 1, 2005. This includes \$2.4 million to expand eligibility for Child Care Assistance to 145.0% of the federal poverty level for basic care, 200.0% for special needs care, and \$7.5 million to increase provider reimbursement rates to those in the 2002 provider rate survey. House File 825 (FY 2006 Health and Human Services Appropriations Act) provides these increases in the Child Care Assistance appropriation for FY 2006. An additional \$2.0 million will be needed in FY 2007 for annualization.

### ARC 4327B and ARC 4312B

**Rule Summary** The rule aligns child protective services rules with the Better Results for Kids Child Welfare Redesign, identifying populations for service eligibility criteria, and making form changes to align documentation with practice.

**Fiscal Impact** No fiscal impact.

### ARC 4324B

**Rule Summary** The rule changes the completion time for dependent adult abuse reports. A preliminary report is no longer required, and a complete report is required within 20 working days instead of 10. Requests for extension are limited to three, 30-working day extensions.

**Fiscal Impact** No fiscal impact.

### ARC 4326B and ARC 4311B

**Rule Summary** Allows access of dependent adult abuse information to a court or administrative agency making a determination regarding unemployment compensation.

**Fiscal Impact** No fiscal impact.

### ARC 4325B and ARC 4310B

**Rule Summary** The rule implements a 3.0% across-the-board rate increase for Rehabilitative Treatment and Support Services (RTSS) providers in FY 2006 using rates in effect on June 30, 2005.

**Fiscal Impact** It is estimated that the total cost of the increase will be \$3.0 million. Of this, \$1.9 million will be paid from the State General Fund and \$1.0 million from federal funds in FY 2006. House File 825 (FY 2006 Health and Human Services Appropriations Act) provides additional funds in the Child and Family Services appropriation for this cost. State costs will be slightly higher in FY 2007 due to a change in the federal financial participation rate.

### ARC 4402B

**Rule Summary** The rule adds children who are determined to be “at risk” of developing a qualified condition to the list of criteria for determining if a child has special needs (a condition of eligibility for the Adoption Subsidy Program). The rule allows a federal match under Title IV-E Adoption Assistance Program for subsidy expenses. This criteria was removed effective in April 2004, with unintended consequences. The rule also

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eliminates the designation of a specified cost ceiling for legal fees, and clarifies that “nonrecurring” expenses are reimbursed up to \$500, bringing the Department into compliance with federal law.

### Fiscal Impact

At-Risk Children: The fiscal impact cannot be determined. A small number of families opt for an Agreement to Future Adoption Subsidy, including families who have no current financial need or families adopting children who appear to be developing normally at the time of adoption, but are at a high risk for developing problems later in life. It is unknown when or if any of these children will eventually develop qualifying conditions, and therefore, whether subsidy payments will be requested in the future.

### Rule Summary

Cost Ceiling for Legal Fees: No fiscal impact. These fees are the only expense that fall under the category of nonrecurring expenses.

The IowaCare Program involves various administrative rules, and multiple fiscal impacts due to the enactment of HF 841 (IowaCare Medicaid Reform Act) relating to these rules.

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

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## DEPARTMENT OF INSPECTIONS AND APPEALS

### ARC 4385B

### Rule Summary

The amendments update the Department’s rules to reflect the current edition of the Food and Drug Administration’s (FDA) Model Food Code, the American Institute of Architects Guidelines for Construction and Equipment of Hospital and Medical Facilities, and the Code of Federal Regulations (CFR). The amendments also make technical changes to the designation of critical access hospitals by stipulating those Iowa counties that are not considered rural.

### Fiscal Impact

No fiscal impact.

### ARC 4384B

### Rule Summary

The proposed rule makes technical corrections by changing the name of the “Care Review Committee” to the “Resident Advocate Committee,” clarifies the acceptable wash and rinse temperature for dishwashing machines used in certain residential care facilities, rewrites the service plan requirements for the admission of residents into a residential care facility, and modifies the medication administration rules to allow certified medication managers to administer medications in certain facilities.

### Fiscal Impact

No fiscal impact.

### ARC 4386B

### Rule Summary

The proposed rule corrects a typographical error in the subparagraph regarding the frequency with which resident progress notes are to be recorded by a nursing facility’s activity coordinator. Additionally, the rule changes the name of the “Care Review Committee” to the “Resident Advocate Committee,” pursuant to Section 135C.25, Code of Iowa.

### Fiscal Impact

No fiscal impact.

### ARC 4377B

### Rule Summary

The proposed rule implements changes made by the 2004 Iowa Acts, Chapter 1118, concerning who may offer electrical and mechanical amusement devices to the

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public. The rule provides for limits on the total number of devices allowed to be registered, modifies the fees required for registering the devices, and establishes penalties applicable for underage use of the devices and for other improper uses of the devices.

**Fiscal Impact** The legislation increases the distributor fee and adds a new fee for owners. The increases should increase first-year revenues by approximately \$430,000 based upon the current number of distributors and owners. The second year's estimates assume that there will be at least six new distributors registered with the Department, as well as 2,500 more machines registered in order to be placed in Iowa establishments (pending availability on the waiting list). Costs associated with registration and enforcement of registered amusement devices are estimated to remain constant at approximately \$425,000 per year (as estimated by the Department of Inspections and Appeals and Department of Criminal Investigation).

STAFF CONTACT: Douglas Wulf (Ext. 13250)

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### LANDSCAPE ARCHITECTURAL EXAMINING BOARD – PROFESSIONAL LICENSING DIVISION, DEPARTMENT OF COMMERCE

**ARC 4389B**

**Rule Summary** The rule allows the Board to offer to consent on stipulated charges in lieu of going to a contested case-hearing on a first-time violation of the Board's continuing education requirements.

**Fiscal Impact** No fiscal impact.

STAFF CONTACT: Ron Robinson (Ext. 16256)

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### MEDICAL EXAMINERS BOARD – DEPARTMENT OF PUBLIC HEALTH

**ARC 4309B**

**Rule Summary** Raises the fees for the various types of physician licensure by the following amounts: initial licensure by \$50; special licensure by \$100; license renewal via on-line application by \$87.50; and license renewal via paper application by \$75. Also, the fee to reinstate a license to active status if less than one year after going inactive will be raised by \$75, and the penalty fee of \$125 is eliminated. Reinstatement of a license to active status after having been inactive for more than one year will be raised by \$50. The fees will be implemented in October 2005.

**Fiscal Impact** The estimated fiscal impact is an increase of \$343,000 in revenues generated from the increase in licensure fees paid by those in the practice of medicine. Of this, the Board will retain \$309,000 for activities related to the Board and approximately \$34,000 will be deposited into the General Fund. House File 825 (FY 2006 Health and Human Services Appropriations Act) contains codification language to allow the Board to retain and expend 90.0% of revenues generated from any fee increase after July 1, 2005.

**ARC 4308B**

**Rule Summary** Updates and clarifies various definitions and licensure procedures for permanent, resident, special, and temporary licenses. Also, establishes pro-rating, where applicable, for license renewal and a convenience fee for on-line renewal; establishes a process for denying a license, as well as a procedure that allows staff to grant licensure to special licensure applicants under certain circumstances. In

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addition, expands Board action to injunctive action for licensees who practice in Iowa with an inactive license pursuant to Section 147.83, Code of Iowa, criminal sanctions pursuant to Section 147.86, Code of Iowa, and other available legal remedies.

**Fiscal Impact** Fiscal impact cannot be determined. The State will only incur costs if a physician is alleged to have violated rules and the Board is required to investigate the resulting case and hold a hearing. It is unknown how many of these cases may occur.

STAFF CONTACT: Lisa Burk (Ext. 17942)

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### NATURAL RESOURCE COMMISSION – DEPARTMENT OF NATURAL RESOURCES

#### ARC 4340B

**Rule Summary** Establishes a no-wake zone on the Cedar River in Chickasaw County near Nashua for a city swimming beach area.

**Fiscal Impact** No fiscal impact.

#### ARC 4348B and ARC 4349B

**Rule Summary** Establishes cabin rental fees for Stone State Park where two new cabins will be constructed and completed by September 1. These are the first cabins built in the Park.

**Fiscal Impact** Estimated rental rates are \$35 per night and \$210 per week. The estimated fiscal impact is \$15,000 to \$25,000 per year in rental fees.

#### ARC 4350B and ARC 4351B

**Rule Summary** Increases the number of available nonresident antlerless-only license quotas from 2,500 to 3,500.

**Fiscal Impact** Fiscal impact is estimated at less than \$100,000 per year. It is estimated that the majority of the deer licenses sold will be the \$50 licenses purchased for the hunting season during the holidays.

#### ARC 4352B

**Rule Summary** Establishes zones and license quotas for the 2006 spring turkey season. Allows turkey hunters flexibility in choosing licenses, and removes the lower age limit for youth turkey season hunters.

**Fiscal Impact** Minimal fiscal impact. The sale of turkey hunting licenses may increase slightly, but the impact will be less than \$100,000.

#### ARC 4339B

**Rule Summary** Establishes antlerless-only deer license quotas for the 2005-2006 deer season. Clarifies requirements to distinguish between antlered and antlerless deer, and lengthens the January deer season.

**Fiscal Impact** Antlerless license quotas are similar to last year. If all licenses are sold, there will be a slight increase in revenue to the Fish and Wildlife Trust Fund.

STAFF CONTACT: Debra Kozel (Ext. 16767)

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### NURSING BOARD – DEPARTMENT OF PUBLIC HEALTH

#### ARC 4305B

**Rule Summary** Provides for criminal background checks of new licensees, endorsement applicants, reactivations, and disciplined licensees, as well as provides for a fee to cover costs for checks conducted by the Division of Criminal Investigation (DCI) and the Federal Bureau of Investigation (FBI). The fees will be considered repayment receipts pursuant to Section 8.2, Code of Iowa.

**Fiscal Impact** There will be an estimated 3,500 new licensure applicants, reinstatements, or disciplined licensees that will pay an estimated \$50 fee for a criminal history background check, which will generate approximately \$175,000 each year that will be used to offset the cost of conducting the background checks.

#### ARC 4304B

**Rule Summary** Increases the nurse license renewal fee by \$7 per year for a total fee of \$120 for a three-year period. The fee is increased pursuant to Section 147.80, Code of Iowa, in order to set the fee based on the cost of sustaining the Board of Nursing and the actual cost of licensure.

**Fiscal Impact** The fee increase will generate additional revenues of approximately \$251,000 annually. Senate File 2298 (FY 2005 Omnibus Appropriations Act) permits the Board to retain 90.0% of any new fee increase after July 1, 2004, with the remaining 10.0% to be deposited into the General Fund. The General Fund will receive \$25,100.

STAFF CONTACT: Lisa Burk (Ext. 17942)

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### PHARMACY EXAMINERS BOARD – DEPARTMENT OF PUBLIC HEALTH

#### ARC 4365B

**Rule Summary** Increases fees related to the issuance of new and renewed pharmacist licenses processed between July 1, 2005, and June 30, 2006, including examination, reexamination, and license transfer processing fees. Also, increases fees related to the issuance of new and renewed pharmacy and whole drug licenses, new and renewed pharmacy technician and controlled substances registrations, and new and renewed precursor substances permits processed between July 1, 2005, and June 30, 2006.

**Fiscal Impact** The estimated fiscal impact is an increase of \$814,000 in revenues generated from licensure fees paid by those licensed for the practice of pharmacy. Of this, the Board will retain an estimated \$733,000 for activities related to the Board and approximately \$81,000 will be deposited into the General Fund. House File 825 (FY 2006 Health and Human Services Act) contains codification language to allow the Board to retain and expend 90.0% of revenues generated from any fee increase after July 1, 2005.

#### ARC 4307B

**Rule Summary** New chapter to provide for the establishment of a centralized electronic database containing records of controlled substance prescriptions dispensed by pharmacies to patients in Iowa. The rule defines terms; identifies data elements to be reported, and establishes reporting requirements. Provisions regarding the confidentiality and limited release of records, including requirements for release of database information and records, are established. Also, the rules provide for the Board's periodic review of database records and referral of database information upon a determination of probable cause to believe that a violation of law may have occurred. Procedures for



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correction of erroneous database records and periodic destruction of database records are also established.

**Fiscal Impact** The Board has been awarded a federal grant of \$350,000 for planning and implementation of the database. The Board has also applied for a new federal grant of \$293,000 to provide additional funds for continuing and enhancing the database. The Board estimates that the funding from both federal grants will be sufficient to support the database for the first two-and-one-half years. It is anticipated that there should be little to no fiscal impact to pharmacies. There is a potential for health care savings as the database is utilized by health care professionals to ensure appropriate drug utilization by patients, eliminating duplicative and counteractive drug therapies.

In addition, law enforcement and regulators will benefit from a single source for prescription information, reducing investigative time.

STAFF CONTACT: Lisa Burk (Ext. 17942)

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### PROFESSIONAL LICENSURE DIVISION – DEPARTMENT OF PUBLIC HEALTH

#### ARC 4302B

**Rule Summary** Behavioral Science Examiners – Proposed amendments define licensure status as active or inactive; define the process for license reactivation and reinstatement; change from pre- and post-continuing education audits prior to licensure to post-continuing education audits following licensure; add grounds for disciplinary action, and establish the fee for reactivation.

**Fiscal Impact** No fiscal impact.

#### ARC 4303B

**Rule Summary** Behavioral Science Examiners – Proposed amendment adopts a new discipline rule that provides the Board with the ability to discipline a licensee for breach of an agreement or contract with the Impaired Practitioner Program.

**Fiscal Impact** No fiscal impact.

#### ARC 4387B

**Rule Summary** Chiropractic Examiners – Defines licensure status as active or inactive; defines the process for licensure reactivation and reinstatement; changes from pre- and post-continuing education audits prior to licensure to post-continuing education audits following licensure; adds grounds for disciplinary action; and establishes the fee for reactivation.

**Fiscal Impact** No fiscal impact. The reactivation fee is the same as what would have been collected under the old definition of reinstatement and no increase is anticipated.

#### ARC 4388B

**Rule Summary** Chiropractic Examiners – Removes references to a payment form; removes language that is no longer applicable; provides the Board with the ability to discipline a licensee for breach of an agreement or contract with the Impaired Practitioner Review Committee; and modifies cause for discipline statement regarding advertisements.

**Fiscal Impact** No fiscal impact

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**ARC 4296B**

**Rule Summary** Dietetic Examiners – Defines licensure status as active or inactive, defines the process for license reactivation and reinstatement, changes from pre- and post-continuing education audits prior to licensure to post-continuing education audits following licensure, adds grounds for disciplinary action, and establishes fees for reactivation.

**Fiscal Impact** No fiscal impact to the State. No estimate was provided for how much revenue would be generated by reactivation fees; however, it is anticipated to be minimal.

**ARC 4297B**

**Rule Summary** Dietetic Examiners – Adopts a new discipline rule that provides the Board governing Dietitians the ability to discipline a licensee for breach of an agreement or contact with the Impaired Practitioner Program.

**Fiscal Impact** No fiscal impact.

**ARC 4300B**

**Rule Summary** Mortuary Science Examiners – Proposed amendments define licensure status as active or inactive; define the process for license reactivation and reinstatement; change from pre- and post-continuing education audits prior to licensure to post-continuing education audits following licensure; add grounds for disciplinary action, and establish the fee for reactivation.

**Fiscal Impact** No fiscal impact.

**ARC 4301B**

**Rule Summary** Mortuary Science Examiners – Proposed amendments adopt a new discipline rule that provides the Board with the ability to discipline a licensee for breach of an agreement or contract with the Impaired Practitioner Program.

**Fiscal Impact** No fiscal impact.

**ARC 4298B**

**Rule Summary** Massage Therapy Examiners – Proposed amendments define licensure status as active or inactive; define the process for license reactivation or reinstatement; change from pre- and post-continuing education audits prior to licensure to post-continuing education audits following licensure; add grounds for disciplinary action, and establish the fee for reactivation.

**Fiscal Impact** No fiscal impact.

**ARC 4299B**

**Rule Summary** Massage Therapy Examiners – Proposed new subrule to provide the Board with the ability to discipline a licensee for breach of an agreement or contract with the Impaired Practitioner Review Committee; redefines the examination requirements; allows for a student-submitted transcript when a school has closed; rescinds continuing education criteria; adopts new continuing education criteria; and rescinds the rule and address changes in criteria for temporary licensure.

**Fiscal Impact** No fiscal impact.

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**ARC 4369B**  
**Rule Summary** Optometry Examiners – Defines licensure status as active or inactive; defines the process for licensure reactivation and reinstatement; changes from pre- and post-continuing education audits prior to licensure to post-continuing education audits following licensure; adds grounds for disciplinary action; and establishes the fee for reactivation.

**Fiscal Impact** No fiscal impact. The reactivation fee is the same as what would have been collected under the old definition of reinstatement and no increase is anticipated.

**ARC 4357B**  
**Rule Summary** Optometry Examiners – Removes references to continuing education sponsors; removes requirements to submit a diploma and reference to the payment form; and provides the Board with the ability to discipline a licensee for breach of an agreement or contract with the Impaired Practitioner Review Committee.

**Fiscal Impact** No fiscal impact.

**ARC 4378B**  
**Rule Summary** Podiatry Examiners – Defines licensure status as active or inactive; defines the process for licensure reactivation and reinstatement; changes from pre- and post-continuing education audits prior to licensure to post-continuing education audits following licensure; adds grounds for disciplinary action; and establishes the fee for reactivation.

**Fiscal Impact** No fiscal impact. The reactivation fee is the same as what would have been collected under the old definition of reinstatement and no increase is anticipated.

**ARC 4379B**  
**Rule Summary** Podiatry Examiners – Changes the licensure chapter to remove references to require diplomas since transcripts are required; provides for applicants to request the Board to retain an incomplete application; adds language to clarify what exams are required; removes payment mechanism to allow for other methods to be used in the future; adds language to allow for journal articles as part of continuing education; and provides the Board with the ability to discipline a licensee for breach of an agreement or contract with the Impaired Practitioner Review Committee.

**Fiscal Impact** No fiscal impact.

**ARC 4344B**  
**Rule Summary** Athletic Training Examiners – Adopts a new chapter to implement enabling legislation.

**Fiscal Impact** No fiscal impact.

**ARC 4343B**  
**Rule Summary** Athletic Training Examiners – Proposed amendment adopts a new discipline rule that provides the Board with the ability to discipline a licensee for breach of an agreement or contract with the Impaired Practitioner Program.

**Fiscal Impact** No fiscal impact.

STAFF CONTACT: Lisa Burk (Ext. 17942)

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### DEPARTMENT OF PUBLIC HEALTH

#### ARC 4382B

**Rule Summary** Updates the newborn metabolic screening fee from \$56 to \$77 for FY 2006. The Iowa Neonatal Metabolic Screening Program is adding funding for a genetic counselor, follow-up coordinator, five public health microbiologists, and a same-day courier service in order to meet the 24/7 standard for metabolic screening testing at the State Hygienic Lab, as well as FTE positions to handle the increased workload experienced with the hiring of the new Medical Geneticist in summer 2004.

**Fiscal Impact** There will be an estimated 38,000 newborns that receive a newborn metabolic screening and one dollar from each screening fee will be transferred to the Department of Public Health to support the State Coordinator for Genetic Service's salary in the amount of \$38,000. Birthing facilities will need adequate notice of the fee increase so fee structures may be prepared in accordance with the change.

#### ARC 4394B

**Rule Summary** Changes the definition of licensed child care and deletes the definition of public health nurse; deletes the use of medical waiver and specifies how the medical exemption may be used; and updates the immunization requirements to more accurately reflect the recommendations of the Advisory Committee on Immunization Practices. Also, provides guidelines to higher education institutions on informing post-secondary students regarding the risk of Meningococcal Disease and on reporting data to the Department; allows for a faxed and/or photocopy of the immunization certificate; deletes the source of immunizations as a requirement on the certificate; increases from 30 to 60 days the amount of time a local board of health has to report audit data; deletes the language on a transfer student; and updates the provisional and registry usage language.

**Fiscal Impact** Minimal fiscal impact. It is estimated that \$20,000 will be needed to cover the costs to develop and print new materials for school audits, new certificates of immunization, new provisional certificates, and costs associated with training and educating health care providers and school personnel about the rule changes.

#### ARC 4381B

**Rule Summary** Implements a program to require individuals who perform renovation, remodeling, and repainting of target housing for compensation to provide an approved lead hazard information pamphlet to the owner and occupant of the housing prior to commencing the work.

**Fiscal Impact** No fiscal impact.

#### ARC 4383B

**Rule Summary** Proposed amendments clarify policies for the new federal definition for a Women, Infants, and Children (WIC) only store; the date for initial visit determination; issuing the vendor notice of violation points; changing "suspension" to "disqualification," and adding violation points for providing incentive items to WIC participants who are not prior authorized by the Department.

**Fiscal Impact** No fiscal impact.

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### ARC 4380B

**Rule Summary** Proposed amendments update reference to the most current Scope of Practice, as well as allow Emergency Medical Services (EMS) students to perform clinical without clearance by the Bureau of EMS.

**Fiscal Impact** No fiscal impact.

STAFF CONTACT: Lisa Burk (Ext. 17942)

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## DEPARTMENT OF PUBLIC SAFETY

### ARC 4357B and ARC 4358B

**Rule Summary** The rule amends the rules for the Iowa Sex Offender Registry, including reinstatement of the risk assessment process as required in HF 619 (Sex Offender Registry Act). During the 2004 Legislative Session, the Department's risk assessment statutory requirement was eliminated; however, HF 619 reinstates that requirement.

**Fiscal Impact** In HF 811 (FY 2006 Justice System Appropriations Act), the Department of Public Safety was appropriated \$227,000 for 3.0 FTE positions to perform risk assessments on anyone not under the purview of the Department of Corrections or the Department of Human Services.

### ARC 4360B and ARC 4361B

**Rule Summary** Creates a new chapter of Administrative Rules regarding the DNA database maintained by the Division of Criminal Investigation (DCI) Criminalistics Laboratory.

**Fiscal Impact** In HF 811 (FY 2006 Justice System Appropriations Act), the Department of Public Safety was appropriated \$929,000 in one-time Microsoft money. The total amount included \$304,000 in one-time funding for lab equipment associated with DNA profiling and \$600,000 for 3.0 FTE positions to perform DNA profiling.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

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## RACING AND GAMING COMMISSION – DEPARTMENT OF INSPECTIONS AND APPEALS

### ARC 4391B

**Rule Summary** The rule makes the following changes:

- Changes the Commission's web site address.
- Allows a gaming representative to revoke the license of a person who has a confirmed positive drug test for a controlled substance.
- Adds a legislative change to a rule.
- Changes two incorrect cross-references.
- Adds a subrule pertaining to state fire and building code rules.
- Changes the number of betting interests for trifecta wagering.

**Fiscal Impact** No fiscal impact.

STAFF CONTACT: Douglas Wulf (Ext. 13250)

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### REAL ESTATE COMMISSION – PROFESSIONAL LICENSING DIVISION, DEPARTMENT OF COMMERCE

**ARC 4283B**

**Rule Summary** The proposed rules are intended to clarify and establish procedures for the investigation, hearing, and enforcement of violations of Section 543B.1, Code of Iowa, pertaining to actions against unlicensed persons.

**Fiscal Impact** No fiscal impact.

STAFF CONTACT: Ron Robinson (Ext. 16256)

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### RECORDS COMMISSION

**ARC 4393B**

**Rule Summary** Provides guidelines and clarifies the responsibilities of agencies related to the retention of email messages.

**Fiscal Impact** Minimal fiscal impact. No new duties or requirements are established, but improved recordkeeping practices may result in additional costs for some agencies.

STAFF CONTACT: Robin Madison (Ext. 15270)

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### BOARD OF REGENTS

**ARC 4284B**

**Rule Summary** Updates the sanctions (fees) for parking violations at Iowa State University (ISU) and adds forging of permits to the list of prohibited offenses. These changes were previously noticed under ARC 4111B and remain unchanged.

**Fiscal Impact** No fiscal impact.

NOTE: Increasing the fines for parking violations will generate revenue for the ISU Parking System. The Parking System is a self-supporting budget unit and does not receive State General Fund money. The increase in revenue is not expected to be significant.

**ARC 4345B**

**Rule Summary** Amends uniform rules of conduct for the Board of Regents universities to assist in educating students and staff regarding prohibited personal conduct and consequences related to participating in riots, unlawful assemblies, and failure to disperse at university-sponsored events. These changes were previously noticed under ARC 4110B and remain unchanged.

**Fiscal Impact** No fiscal impact.

STAFF CONTACT: Mary Shipman (Ext. 14617)

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### DEPARTMENT OF REVENUE

**ARC 4306B**

**Rule Summary** The rules make changes in the stock and debt, income, and cost approaches used by the Department to establish railroad company valuations for property tax purposes. The rules are a result of the court case titled *Burlington Northern Railroad*

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*Co. vs. Gerald D. Bair, Director of the Department of Revenue of Iowa*, and subsequent settlement agreements reached between the Department and the companies on valuation procedures used by the Department to determine the market value of companies for purposes of property taxation.

**Fiscal Impact** No fiscal impact.

**ARC 4408B**

**Rule Summary** The rule implements SF 389 (Soy-Based Oil Tax Credit Act), which creates a tax credit for costs incurred in the transition from non-soy-based cutting tool oil to using soy-based cutting tool oil.

**Fiscal Impact** The Soy-Based Cutting Tool Oil Tax Credit created by SF 389 will reduce net General Fund revenue by an estimated \$60,000 in FY 2007 and \$60,000 in FY 2008.

**ARC 4407B**

**Rule Summary** The rule implements HF 186 (Internal Revenue Update Act), which updates Iowa's tax laws to incorporate federal Internal Revenue Code changes made by Congress during 2003, 2004, and 2005. The rule also implements HF 801 (Living Organ Donors Tax Deduction Act), which provides an individual income tax deduction for certain unreimbursed expenses relating to a human organ transplant. Additionally, the rule implements SF 413 (Streamlined Sales Tax Cleanup Act), relating to changes to the individual income tax federal tax deduction and itemized deduction for vehicle registration fees.

**Fiscal Impact** The fiscal impact of implementing HF 186 will increase General Fund revenues by an estimated \$4.6 million in FY 2006, will not impact net revenues in FY 2007, will increase revenues by an estimated \$3.7 million in FY 2008, and will decrease revenues by \$1.4 million in FY 2009. The changes in HF 801 and SF 413 will have no significant impact on General Fund revenues.

STAFF CONTACT: Ron Robinson (Ext. 16256)

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## DEPARTMENT OF TRANSPORTATION

**ARC 4367B**

**Rule Summary** Amends various chapters to comply with a 2004 Iowa Supreme Court ruling titled *AT&T Communications of the Midwest, Inc. vs. Iowa Utilities Board*. The Supreme Court ruled that under Section 17A.9A, Code of Iowa, an agency cannot waive one of its own rules on its own motion. Rather, a person must petition the agency. Section 17A.9A(3), Code of Iowa, states that the burden of persuasion rests with the petitioner.

The rule also removes language that indicates the Department or the Director of the Department of Transportation may waive an Administrative Rule on the Department's or the Director's own motion. Rather, waivers must be requested, and the person requesting a waiver will be required to relate the relevant facts and reasons for the requested waiver to the four criteria set out in Section 17A.9A(2), Code of Iowa.

Chapters 112 and 115 are amended to shift authority to grant waivers under these chapters from the district engineer to the Director of the Department, and to provide that the Department will use sound engineering practices to determine the appropriate design for a specific situation when the literal application of the rules to the situation will result in an unsafe situation or an unreasonable design.

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**Fiscal Impact** No fiscal impact.

**ARC 4366B**

**Rule Summary** Amends Chapter 130 to adopt the 2003 Edition of the Manual on Uniform Traffic Control Devices (MUTCD), including Revision No. 1 to the 2003 Edition, to replace the 2000 Millennium Edition and Revision No. 1 to the 2000 Millennium Edition.

**Fiscal Impact** No fiscal impact.

**ARC 4287B**

**Rule Summary** Amends subrule 500.9(326) to implement HF 216 (FY 2006 Motor Vehicle Regulation Act). The current subrule allows a motor carrier registrant to submit a vehicle schedule to change fleet operations. A temporary authority may be issued to operate a vehicle for the period of time required to process the vehicle schedule. The temporary authority is not to exceed 90 days, but may be extended under certain circumstances. The proposed rule reduces the temporary authority to 60 days. Carriers are required to pay for credentials within 30 days of submitting the request to allow ample time for credentials to be distributed and applied to vehicles within the 60-day temporary authority.

**Fiscal Impact** No fiscal impact. The Department will make minor changes to the forms and processing system within budgeted maintenance costs.

**ARC 4376B**

**Rule Summary** Rescinds subrule 511.16(4) relating to vehicles and loads of excess size and weight. The subrule is not needed since Section 321E.16, Code of Iowa, addresses the same issue. The subrule also updates paragraph 511.8(1)"e" to include an Internet address for oversize load detour and road embargo information.

**Fiscal Impact** No fiscal impact.

**ARC 4288B**

**Rule Summary** Amends Chapters 605 and 607 to adopt the following: (1) a new school bus endorsement for commercial driver's licenses to coincide with HF 216 (FY 2006 Motor Vehicle Regulation Act); (2) new federal requirements for persons applying for or renewing hazardous material endorsements; and (3) technical changes to reflect current provisions in HF 216, including adding an option form that persons with military extensions may use to request retention of driver's licenses, and updating acts or offenses that disqualify a person from operating a commercial motor vehicle.

School Bus Endorsement: Recent federal standards require that by September 30, 2005, all school bus drivers are required to add a school bus endorsement to their commercial driver's licenses. The fee for the endorsement is \$10, as specified in HF 216.

Hazardous Material Endorsement: Under new federal regulations that implement the U.S.A. Patriot Act, a Transportation Security Administration (TSA) security threat assessment is required when a person applies for or renews a hazardous material endorsement. The assessment is required every five years upon renewal of the license. Currently, over 28,000 persons have hazardous material endorsements in Iowa. An estimated 7,000 renewals will be processed by the DOT annually.

**Fiscal Impact** School Bus Endorsement: An estimated increase of between \$90,000 and \$100,000 to the Road Use Tax Fund in FY 2006 only. The revenues include the one-time fee



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of \$10 collected from approximately 10,000 school bus drivers in Iowa. Programming costs for the DOT are estimated at \$500 (eight hours of programming at \$64.25 per hour), and will be paid from the Motor Vehicle Division's base budget, which includes Primary Road Fund and Road Use Tax Fund moneys.

Hazardous Material Endorsement: Minimal fiscal impact to the Road Use Tax Fund. The DOT does not anticipate a decrease in fees collected for hazardous material endorsements due to drivers not being able to meet the new requirements for security threat assessments. The fee for a hazardous material endorsement is \$5.00, and does not change under the amended rule.

The Department will incur the following costs to process security threat assessments for hazardous material endorsements. The costs will be paid from the Motor Vehicle Division's base budget, which includes Primary Road Fund and Road Use Tax Fund moneys:

- *Programming*: Approximately \$1,300 (20 hours programming at \$64.25 per hour) for FY 2005.
- *Annual administrative costs*: Approximately \$13,200 for FY 2006 and beyond. The cost estimate assumes that most of the increased administrative costs will relate to processing renewals. The DOT estimates that in FY 2007 only, the annual costs will decrease due to the switch from four-year driver's licenses to five-year driver's licenses on July 1, 2002. The costs will increase again in FY 2008 and subsequent fiscal years to the FY 2006 level. The annual administrative cost estimate of \$13,200 includes the following:
  - *Account reconciliation (\$200)*: For reconciling billing accounts with the federal government.
  - *Data entry (\$9,000)*: For entering data from the application form for the security threat assessment.
  - *Renewal notices (\$4,000)*: For mailing renewal notices to persons having hazardous material endorsements. In FY 2007 only, the number of renewals processed may decrease substantially due to the switch from four-year licenses to five-year licenses on July 1, 2002. The estimated decrease is unknown, but is anticipated to be minimal.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

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### UTILITIES DIVISION – DEPARTMENT OF COMMERCE

#### ARC 4341B and ARC 4342B

**Rule Summary** The rule adopts filing requirements and procedures to facilitate the Utilities Board's determination of whether an energy facility is eligible for the wind energy production or renewable energy tax credits that were created by HF 882 (FY 2006 Standing Appropriations Act) and SF 390 (Alternative Energy Purchase Program Act).

**Fiscal Impact** No significant fiscal impact to the Utilities Board or the Department of Revenue.

The Energy Production Tax Credit will reduce net General Fund revenue by \$2.8 million in FY 2007, \$4.4 million in FY 2008, and \$5.4 million in FY 2009. Over the

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course of 13 fiscal years, the tax credit will reduce net General Fund revenue by \$55.0 million.

The tax credit certificates can be applied to individual income tax, corporate income tax, franchise tax, insurance premium tax, utility property replacement tax, and sales and use tax. If the portion of the credit redemption impacting personal income tax is less than 25.0%, the impact on any local option income surtax for schools will be less than \$50,000 per year.

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### VOLUNTEER SERVICE COMMISSION

#### ARC 4346B

**Rule Summary** The amendments implement changes to Section 476.1D(1), (2), and (3), Code of Iowa, as required by HF 277 (Telephone Utility Regulation Act). The Act, signed by the Governor on March 15, 2005, and effective July 1, 2005, clarifies the Board's rules relating to the provision of telecommunications service.

**Fiscal Impact** The Commission will receive \$174,000 in General Fund money to provide to the local RSVPs, which is the same amount provided by the Department of Elder Affairs in the past. In addition, the Commission may accept funds and other in-kind services from other federal, State, and private entities; however, it is unknown how much additional funding will be received.

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### WORKERS' COMPENSATION DIVISION – DEPARTMENT OF WORKFORCE DEVELOPMENT

#### ARC 4347B

**Rule Summary** The rule provides for the adoption of current tax tables to determine payroll taxes by July 1 of each year, as required by Section 85.61(6), Code of Iowa, and amends the effective date to July 1, 2005.

**Fiscal Impact** No fiscal impact.

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