



ADMINISTRATIVE RULES – FISCAL IMPACT DETAIL

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

DEPARTMENT OF HUMAN SERVICES

ARC 5645B and 5646B

Rule Summary These rules implement annual adjustments to eligibility and payment levels in the State Supplementary Assistance (SSA) Program and decrease the Residential Care Facility (RCF) Family-Life Home personal needs allowances by \$4.00 per month, from \$92.00 to \$88.00. The rules also increase the monthly Dependent Person allowance. These changes are required by the federal regulations.

Fiscal Impact The cost of a bed day in an RCF increased by \$0.65, from \$25.85 to \$26.50, starting January 1, 2007. The cost of increasing the RCF maximum provider rate is partially off-set by an increase in average client participation that is the result of cost-of-living increases in Social Security and Supplemental Security Income (SSI). The projected impact in FY 2007 is a cost of \$71,000 to the State General Fund. The projected FY 2008 impact is a cost of \$66,630 to the General Fund. These cost increases have been included in the FY 2007 SSA budget in HF 2734 (FY 2007 Health and Human Services Appropriations Act) and the FY 2008 SSA budget request by the Department of Human Services (DHS).

The Personal Needs Allowance (PNA) is reduced in these rules because although a cost of living increase of 3.3% is included, part of the PNA is based on average Medicaid co-payments and the advent of federal Medicare Part D reduced these co-payments. There is no fiscal impact to the State associated with the reduction in the Personal Needs Allowance.

The Dependent Person Allowance is increased in the rules from \$306 to \$317 per month. This impact of this change is an estimated cost of \$83,000 to the General Fund in FY 2007, which is included in the SSA budget in HF 2734. For FY 2008, the impact is a cost to the General Fund of an estimated \$88,000, which has been included in the Department of Human Services FY 2008 request.

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The rules increase the Family-Life Home payment from \$673 to \$697 per month. This increase is off-set by increased client participation resulting from higher SSI payments and a \$4 per month reduction in the PNA. The change has no fiscal impact.

The total fiscal impact of these rules is a cost to the General Fun of \$154,000 in FY 2007 and \$155,000 in FY 2008.

ARC 5647B

Rule Summary These rules create a new Medicaid eligibility group, called Medicaid for Independent Young Adults. Eligibility is open to youth who reach 18 years of age while in the foster care and have income below 200.0% of the Federal Poverty Level (FPL). Youth are eligible until they reach age 21.

Fiscal Impact It is estimated that 413 youth will age-out of foster care in FY 2007. Assuming a yearly cost per eligible of \$6,779 and a Federal Medical Assistance Percentage (FMAP) State share of 37.61% for FY 2007, the total estimated cost to the General Fund is an estimated \$1,053,000. For FY 2008, it is estimated that 826 youth will be served at \$6,779 per eligible per month and an FMAP State share of 38.50% for a total General Fund cost of \$2,156,000.

The FY 2007 cost was included in the Medicaid budget in HF 2734. The cost for FY 2008 is included in the Department's FY 2008 Medicaid budget request.

ARC 5648B

Rule Summary These rules clarify the estate recovery procedures to be used by the DHS to collect Medicaid debt on an estate.

Fiscal Impact No fiscal impact.

ARC 5649B and ARC 5650B

Rule Summary The amendments add habilitation services to the Home and Community-Based Services (HCBS) covered under Iowa Medicaid. This new service is allowed under the federal Deficit Reduction Act of 2005 (DRA) and is intended to capture Medicaid clients who may lose services during the transition from the Adult Rehabilitative Option (ARO) to the Rehabilitative Services Program (RSP).

Fiscal Impact The fiscal impact assumes enrollment growth of 3.6% per year and cost growth of 4.4% per year, based on historical ARO data. Additionally, the impact assumes a range of increased service utilization of between 10.0% and 30.0%. The fiscal impact for FY 2007 is estimated to be a cost to the General Fund of between \$302,000 and \$905,000 and a cost of between \$1.2 million and \$3.6 million to the counties. The fiscal impact for FY 2008 is estimated to be a cost to the General Fund of between \$1.4 and \$3.2 million and a cost of between \$5.5 million and \$13.0 million to the counties. The funding was not provided for FY 2007.

ARC 5665B

Rule Summary These rule changes decrease the number of face-to-face visits between the service coordinator and the family that are required in the Medicaid Infant and Toddler (early ACCESS) Program. Previously, service coordinators and families were required to meet face-to-face once per month. These rules change the regulation to once every three months with telephone contact required for the two months between visits.

Fiscal Impact The fiscal impact cannot be determined. There is no fiscal impact to Medicaid because the Area Education Agency provides the State match for this service. The impact on Area Education Agencies cannot be determined because it is unknown how the mix of services will change and how savings in staff time will be applied to

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other services. Also, some families will continue to need more frequent visits than the minimum in the new rules and will continue to receive those visits.

ARC 5661B

Rule Summary The amendments clarify that the data match provision in the Healthy and Well Kids in Iowa (*hawk-i*) Program applies to all Iowa carriers as defined in the Code of Iowa. The amendments also specify that existing provider agreements with the entity that performs data matching for the *hawk-i* Program qualify as valid for the purpose of *hawk-i* and Medicaid data match requirements.

Fiscal Impact No fiscal impact.

ARC 5666B

Rule Summary Change requires that child welfare case plans be completed in partnership with the family, and extends the timeframe for completing the plan from 45 to 60 days to allow sufficient time to engage families in the case planning process. The change conforms to the maximum time limits allowed under federal regulation.

Fiscal Impact No fiscal impact.

ARC 5651B

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

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

FY 2008 – An additional \$2.0 million will be needed for CFS in FY 2008 to maintain the average monthly population in group care at the FY 2007 level. This assumes that \$10.6 million in State matching funds previously used to draw down federal RTS funds under CFS is retained under CFS.

ARC 5699B

Rule Summary Implements several new child welfare service programs to replace the previous Family-Centered Services Program. The development of the new programs is due to the separation of child welfare and behavioral health services that resulted in the implementation of the new Medicaid Remedial Services Program (RSP) and the discontinuation of the Rehabilitative Treatment Services (RTS) Program.

Changes allow Service Area Managers (SAMs) to use a portion of their child welfare funding allocation to contract for programs designed to meet the specific conditions and circumstances in their respective areas. Also, replaces the current family-centered services rules in Chapter 182 with a new chapter that implements the following new family-centered service programs designed to provide assistance to children and families in achieving safety, permanency, and well-being:

- Safety monitoring and evaluation programs to keep children safe during the child abuse or child in need of assistance assessment process.
- Family safety, risk, and permanency programs to work to achieve safety, permanency, and well-being for children and families in the child welfare system, regardless of the setting in which the children reside.

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- Supportive services, which include: family team meeting facilitation, drug testing, and legal fees for permanency.

Fiscal Impact No fiscal impact. The State funding that is currently used to provide services under the Family-Centered Services Program will be used to provide services under the new programs. This assumes that \$8.3 million in State Funds that was previously used to pay the non-federal share of RTS family centered services will remain in the Child and Family Services budget in FY 2008, and additional funds will be appropriated to pay the non-federal share for the Remedial Services Program (RSP) under Medicaid in FY 2008.

ARC 5653B

Rule Summary Changes give child protective supervisors sole authority to approve extensions of time to complete dependent adult abuse assessments and evaluations; rescinds the Section that repeats Code of Iowa language on who has access to dependent adult abuse information; and clarifies that the Department of Human Services does not divulge the name of the individual who made the report of dependent adult abuse.

Fiscal Impact No fiscal impact.

ARC 5672B

Rule Summary Changes lower the provider staff qualifications for family-centered parental counseling and education services from the level required for rehabilitative therapy and counseling to the level required for rehabilitative skill development services.

The change is proposed in response to recent changes in the RTS Program and the implementation of the Medicaid RSP. Since most behavioral health interventions are now being provided under the RSP, basic parenting instruction and skill development to improve parental functioning and stability are now the core of what the Department is currently requesting from providers of parental counseling services.

Fiscal Impact No fiscal impact. The change allows for a greater array of qualified provider staff to deliver parental counseling services. The change will not impact current provider reimbursement rates.

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DEPARTMENT OF ECONOMIC DEVELOPMENT

ARC 5662B

Rule Summary The proposed amendments clarify the process for qualifying as an eligible Entrepreneurial Ventures Assistance (EVA) Program applicant and expand the list of resources available for assisting applicants with meeting eligibility requirements.

Fiscal Impact No fiscal impact.

ARC 5689B

Rule Summary The amendments correct a previous accidental omission from the rules and extend a contract signing deadline to non-Iowa Values Fund assisted and tax credit awards. The amendments ensure that contracts are signed in a timely manner and correctly include the Enterprise Zone program in the rule that defines "employee." The Department currently has a rule, 261—2.5(2), applicable to all awards from the Grow Iowa Values Fund (GIVF) that requires recipients to sign a contract with the

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Department within 120 days of the award date. The proposed amendments establish a similar contract signing deadline for all non-GIVF and tax credit program awards. The amendments also add the Enterprise Zone Program to the existing rule that establishes a standard definition of “employee” for purposes of state financial assistance programs.

Fiscal Impact No fiscal impact.

ARC 5671B and ARC 5663B

Rule Summary Clarifies administrative requirements related to contract length and waiver provisions. A grantee will now be able to obtain an automatic waiver after five-years. A grantee will also be able to request a waiver during the five-year exclusive use of renewable fuel requirements.

Fiscal Impact No fiscal impact.

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ENVIRONMENTAL PROTECTION COMMISSION - DEPARTMENT OF NATURAL RESOURCES

ARC 5635B

Rule Summary Specifies companies processing waste glass into a new raw material or recycled product are eligible for a limited property tax exemption. The rule changes include examples of property typically eligible for the property tax exemption. House File 2633 (Glass Recycling Property Tax Exemption Act) was enacted during the 2006 Legislative Session that provided the property tax exemption.

Fiscal Impact Fiscal Impact of less than \$100,000 annually or \$500,000 over five years. Costs to the State to administer the rule change is approximately \$1,000 in year one and \$500 in succeeding years.

ARC 5694B

Rule Summary Exempts emissions from agricultural and construction equipment mobile internal combustion engines at non-major repair facilities and dealerships from the requirement to obtain a construction permit. This rulemaking is a result of a workgroup comprised of members from the Iowa Nebraska Equipment Dealer's Association, Ziegler Cat, Cessford Construction, the Iowa Limestone Producers Association, equipment manufacturers such as John Deere Company and Vermeer Manufacturing, and the University of Northern Iowa Air Emissions Assistance Program. Once the proposed rule is effective, the Department of Natural Resources (DNR) will no longer require owners or operators of non-major agricultural and construction equipment repair facilities or dealerships to submit air construction permit applications for emissions originating from agricultural and construction equipment mobile internal combustion engines. This reduces the permitting and recordkeeping burden of these businesses.

Fiscal Impact Minimal fiscal impact to the State.

ARC 5695B

Rule Summary These amendments clarify which sources of air pollution are subject to the best availability retrofit technology (BART) and other portions of the federal regional haze rule. The purpose of the federal regional haze rule is to improve visibility impairment at specific federal Class I areas (national parks and wilderness area). While Iowa does not have one of the specific federal Class I areas, nearby areas include the

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Boundary Waters Canoe Area Wilderness (MN), Voyageurs National Park (MN), Badlands National Park (SD), Hercules-Glades Wilderness Area (MO), and Mingo National Wildlife Refuge (MO). The regional haze program anticipates achieving natural background conditions in these areas by the year 2064. No sources in the State have been identified that will cause or contribute to visibility impairment at the specific federal Class I areas.

Fiscal Impact

There will be no change in State revenues or expenditures as a result of this rule. The fiscal impact to persons affected by the rule includes 27 stationary sources that are BART-eligible. If a BART analysis is determined to be necessary, the cost would likely range from approximately \$10,000 - \$15,000 per stationary source. The DNR is unable to determine the extent of the impact of future periodic reviews.

Rule Summary

Adopt into the State air quality rules revisions to federal ambient air quality standards for particulate matter that were finalized by the federal Environmental Protection Agency (EPA). The EPA is required under the Clean Air Act to review and revise, the National Ambient Air Quality Standards for each criteria pollutant (including particulate matter) every five years. The DNR will be required to make attainment or nonattainment designations by November 2007 for particulate matter 2.5 (PM2.5), and the EPA will review the Department's designations and make their own PM2.5 designations by November 2009.

ARC 5692B

New facilities could be required to install more stringent emissions controls than before and existing facilities may need to reduce emissions to provide offsets for new sources and for any planned expansions that would increase emissions.

Emissions may also need to be reduced in nearby areas that contribute to non-attainment area. A declaration of non-attainment will adversely impact economic development in the non-attainment area. Non-attainment would lead to increased business costs, less likelihood of investment by new or expanding facilities, and a compromised economic climate for business growth. Consumers and residents in the non-attainment area could experience an increase in costs due to the increased regulatory burden.

Fiscal Impact

No fiscal impact is expected for FY 2007, however, FY 2008 expenditures will increase by an estimated \$675,000 for ambient monitoring of the new PM2.5 standard due to the need to install new equipment. Approximately \$400,000 of the \$675,000 increase will be paid for through an increase in the Title V operating permit fee. This fee is based on tons of regulated air pollutant emitted on a calendar year basis from sources that are classified as major sources under the Clean Air Act. There are approximately 290 major sources in Iowa. Assuming 235,000 tons statewide of air pollutant emitted with no offsetting decreases in expenditures that are paid for with Title V fees, this equates to an increase of \$1.75 per ton of air pollutant emitted. The remaining \$275,000 of the \$675,000 would be paid for with the ambient monitoring money previously allocated to animal feeding operations monitoring.

The Department has requested that this funding be directed to monitoring for the PM2.5 standard. On-going operation and maintenance of the PM2.5 monitoring network is expected to require increased expenditures of approximately six percent annually, including FY 2009.

ARC 5637B

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Rule Summary Pertains to requirements of the Public Water Supply Program for design and operation. Construction permits are required of all systems for any construction, installation, or modification of any project that affects a public water supply system. Construction permitting fees are assessed to the public water supplies depending upon the project type, with a cap on the fees for a specific project currently in rule. The proposed amendments will institute a cap on the fees collected from a public water supply system owner during a calendar year. Currently, a few public water supply system owners are paying more than the maximum amount that was originally anticipated when the fee schedule was developed in 2004. This rulemaking will institute a cap on the per system owner construction permitting fees in each calendar year. There were no comments received on these rules except for Code Editor grammar corrections. A public hearing was held on November 1, with one attendee that did not have a comment and no written comments were received.

Fiscal Impact Fees are currently charged for construction permits at public water supply systems. In the current rule, there is a cap on the fees that is specific to each project. The proposed rule will cap the construction permitting fees for the public water supply system owners during the calendar year. It is estimated that five to seven system owners are or soon will be paying fees above the proposed fee cap. Their annual expenditure will be reduced as a result of this rule change. It is estimated that the water supply construction fees paid to the DNR will be reduced by approximately \$25,000 to \$30,000 per year.

ARC5638B

Rule Summary The amendments will revise and clarify the criteria for sewer extension construction permit approval and denial provisions. Sewer extension permits are issued by the DNR to allow communities and developers to construct new sanitary sewer collection and conveyance systems and transport the additional domestic, commercial, or industrial wastes to the wastewater treatment facilities for treatment and disposal.

Fiscal Impact No direct fiscal impact to the State by the rule change. Private wastewater system owners may have to plan for wastewater needs sooner than anticipated under the new rule if they are already in non-compliance with environmental standards in order to avoid further impacts to water quality in Iowa's waters.

ARC5636B

Rule Summary For confinement feeding operations or open feedlot operations that are required to submit manure/nutrient management plans, the proposed amendments would limit the application of liquid manure, process wastewater, or settled open feedlot effluent to 100 pounds of available nitrogen per acre to land that is planted to soybeans or that will be planted to soybeans the next crop season. Effective five years after the proposed amendments become effective, the application of liquid manure, process wastewater or settled open feedlot effluent to such land would be prohibited unless the Commission determines that available scientific evidence justifies alternative action.

Animal feeding operations that want to apply manure to land that will be planted to soybeans will have to reduce the amount of manure applied and ultimately locate replacement non-soybean fields. This rule will reduce nitrate leaching into water of the State.

Fiscal Impact Minimal fiscal impact to the State of Iowa as existing staff will implement the prohibition and enforce compliance. The cost to the regulated community is unknown.

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ARC 5639B

Rule Summary The primary purpose of this rule change is to adopt federal changes into State rules on land application pollutant limits for chromium and changing the land application pollutant concentration limit for selenium and molybdenum. The federal EPA publishes regulations on application of sewage sludge containing toxic pollutants.

Fiscal Impact No fiscal impact to the State. The amendment is deleting the current land application pollutant limits for chromium and changing the land application pollutant concentration limit for selenium and molybdenum.

ARC5630B

Rule Summary The purpose of the amendment is to allow more operators the opportunity to qualify for the Grade 4 exam for Public Water Supply Operators. This will replace the number of qualified Iowa operators that are nearing retirement. There is the potential for this rule to affect up to 2,649 certified water operators or 1,853 wastewater operators.

Fiscal Impact Minimal fiscal impact.

ARC 5634B

Rule Summary This proposed rule will improve the Department's ability to ensure that hazardous materials from appliances are being handled in an environmentally sound manner by revising the record keeping and annual reporting requirements, easing storage time limits on Polychlorinated Biphenyls (PCB) articles that are disposed of through a Regional Collection Center (RCC), and incorporating federal requirements. The Chapter has been reformatted to be consistent with other Chapters.

The following changes were made in response to the public comments received:

- Asbestos insulation found both within the appliance as well as on refrigerant lines must be removed.
- Clarification that a certificate of disposal must be obtained within 30 days of actual disposal at an incinerator or a chemical landfill.
- The total amount of refrigerant removed from appliances will be reported rather than reporting the amount of each type of refrigerant removed.

Fiscal Impact Minimal fiscal impact.

ARC5633B

Rule Summary These new and amended rules are intended to fully implement the financial assurance requirements for all sanitary disposal projects. Financial assurance for municipal solid waste, composting facilities, and transfer stations are currently in place, and this rulemaking expands the requirement for other categories of sanitary disposal projects to have financial assurance by January, 2008. This includes coal combustion residue landfills, solid waste processing facilities, solid waste composting facilities, solid waste transfer stations, biosolids monofill sanitary landfills, construction and demolition waste landfills, appliance demanufacturing facilities, persons engaged in the permitted land application of solid wastes and petroleum contaminated soils, cathode ray tube collection facilities and household hazardous waste regional collection centers.

Persons benefiting from this rule change are local government agencies, cities, and counties who may have had to pay the costs for site clean up because the site owner had not established a financial assurance mechanism to pay for proper closure of the site. Persons who may feel this rule change is a detriment are the regulated facilities referenced above which the financial assurance requirements will apply to. Money will have to be set aside in a restricted account or an annual fee paid to maintain a surety bond.

In the event that a sanitary disposal facility closes without properly disposing of the waste, financial assurance provides a monetary mechanism for proper clean-up and disposal of all waste materials left on-site.

Fiscal Impact

Minimal fiscal impact to the State as the proposed rules will not significantly impact the Department's regulatory responsibilities other than review and approval of the financial assurance submittals once every three to five years. The additional cost to the regulated community includes:

Landfills other than Municipal Solid Waste – Total estimated closing costs for landfill closure and post-closure care will vary depending on the overall capacity of the landfill. These costs estimates range from \$600,000 for smaller landfills and up to \$10,000,000 for large landfills. The amount of the surety bonds will be based on the number of years of life available for disposal divided by the total estimated cost.

Appliance Demanufacturing Facilities – A surety bond in the amount of \$20,000 will act as financial assurance for appliance demanufacturing facilities. This amount was estimated as no facility shall store more than 1,000 appliances on site at any one time with an average disposal cost of \$20 per appliance. The estimated cost for maintaining the surety bond is 1% of the bond amount or \$200 per year.

Landfarming Petroleum Contaminate Soils – The financial assurance requirements for landfarming sites has been defined as obtaining and maintaining a surety bond for \$10,000. The estimated annual cost for maintaining the surety bond is 1% of the bond amount or \$100 per year.

Land Application of Industrial Solid Wastes – Financial assurance requirements for land application sites shall apply only if on site storage has been requested and approved by the Department. If on-site storage has been approved, a surety bond in the amount of \$10,000 must be obtained and maintained and the estimated annual cost if \$100 per year.

Cathode Ray Tube (CRT) Collection and Recycling – Financial assurance in the form of a cash account, trust fund, surety bond, letter of credit, or government dedicated fund is being required for CRT collection facilities who store more than 2,000 CRTs on site at any one time. This equates to 40,000 lbs of CRT material contained in 48 Gaylord-size boxes or similar storage containers. The amount of the financial assurance instrument shall be equal to \$1.00 per pound of CRTs stored above the storage limit described above.

Household Hazardous Waste (HHW) Regional Collection Sites – Financial assurance for HHW collection sites shall be in the form of a cash account. The owner of the collection site shall have a balance in the account equal to the average annual disposal costs incurred during the most recent three-year period. Annual disposal costs are already required to be provided to the DNR on an annual basis and will be used as the mechanism to determine whether the account balance is adequate. Using historical figures from past reports, the average annual disposal costs for a HHW collection site were determined to be \$15,000. Depending on the actual amount of material accepted at each individual facility, this amount may need to be increased or decreased.

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DEPARTMENT OF PUBLIC HEALTH

	ARC 5676B
Rule Summary	Change authorizes the Department of Public Health (DPH) to issue investigatory subpoenas in order to obtain relevant health care or contact information of people related to an epidemiologic investigation.
Fiscal Impact	No fiscal impact.
	ARC 5682B
Rule Summary	Incorporates changes to correct references and reflect changes made at the federal level that establish national standards. Changes are also made in coordination with the Nuclear Regulatory Commission and federal Food and Drug Administration. In addition, changes address technology advances, and changes necessary to adequately enforce rules. Fees are also increased to cover operation costs of the programs.
Fiscal Impact	No fiscal impact to the State. The regulation processes are already performed by the DPH and will not require additional staff. Various fees were increased slightly to cover increased costs of regulation, which will impact those regulated.
	ARC 5683B
Rule Summary	Changes rescind and reserve Chapter 79, "Public Health Nursing," and Chapter 83, "Iowa Senior Health Program," and replaces Chapter 80, "Home Care Aide," with a new Chapter 80, "Local Public Health Services" consolidating the rules from these three Chapters for the local Public Health Services Grant.
Fiscal Impact	No fiscal impact.
	ARC 5675B
Rule Summary	Establishes rules relating to requirements for medical facilities and pharmacies to accept and dispense donated prescription drugs and supplies and the eligibility criteria for individuals to receive these donations.
Fiscal Impact	The fiscal impact is an estimated \$180,000 per year for administration. House File 2734 (FY 2007 Health and Human Services Appropriations Act) provided \$120,000 to implement the Prescription Drug Donation Repository Program in FY 2007.
	ARC 5677B
Rule Summary	Provides rules for the development and sponsorship of Disaster Medical Assistant Teams and Environmental Health Response Teams. Also, provides teams and members with general requirements for registration, approval, or denial of membership, licensure and educational requirements, team composite, and legal protections.
Fiscal Impact	No fiscal impact.
	ARC 5678B
Rule Summary	Clarifies costs associated with utilization of the State Medical Examiner's tissue recovery room by tissue recovery agencies, including who is responsible for paying the utilization fee and to whom the payment is to be made pursuant to legislation enacted during the 2006 Legislative Session. Also, changes the current definition of fetal death to the exact terminology used in Section 144.29, <u>Code of Iowa</u> , for consistency.

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Adds a new subrule requiring County Medical Examiners to complete a form designated by the State Medical Examiner for cases where jurisdiction was terminated or declined to ensure all reported cases to the State Medical Examiner's Office are documented, filed, and reported consistently. Adds a new subrule to address procedures for the disposal of tissues, organs, and bodily fluids as required by HF 2734 (FY 2007 Health and Human Services Appropriations Act).

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

Rule Summary **ARC 5679B**
Changes the fee emergency service providers pay to become certified. Currently, provider candidates pay \$20 each time they take the certification test. This change will require provider candidates to pay a one-time \$30 fee.

Fiscal Impact No fiscal impact. The one-time fee for certification is higher; however, providers will no longer pay a fee if a re-test for certification is necessary and will not have to wait for clearance from the Department to schedule a re-test. The change is designed to be revenue neutral to the Department's Bureau of Emergency Services.

Rule Summary **ARC 5680B**
Changes to simplify the process for accessing existing funds for local injury prevention programs by combining two separate funding categories for the Love Our Kids Grant into one category.

Fiscal Impact No fiscal impact.

Rule Summary **ARC 5681B**
Adds a new level designation for neonatal intensive care units to better identify the capabilities of Level II regional centers with Neonatologists on staff.

Fiscal Impact No fiscal impact.

Rule Summary **ARC 5684B**
Establishes standards for the licensure and operation of gambling treatment programs.

Fiscal Impact House File 825 (FY 2006 Health and Human Services Appropriations Act) authorized \$100,000 from the Gambling Treatment Fund for the cost of salary, benefits, and travel for 1.0 FTE position for a Health Facility Surveyor to license gambling treatment programs.

The programs may have some costs associated with complying with licensure standards; however, this should not be significant because many of the programs have been in place since 1998 and have been enforced by contract with the DPH.

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DEPARTMENT OF REVENUE

ARC 5642B

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

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

ARC 5643B

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

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interest rate for unpaid taxes and refunds annually. The rule specifies the interest rate to be charged for unpaid taxes and paid on refunds for the 2007 calendar year.

Fiscal Impact No fiscal impact.

Rule Summary Adds and changes several definitions to correspond with Chapter 452A, Code of Iowa and adds the following new definitions: **ARC 5644B**

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

Fiscal Impact No fiscal impact.

Rule Summary The rule changes the following: **ARC 5685B**

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

Fiscal Impact No fiscal impact.

Rule Summary Implements statutory provisions of SF 2286 (FY 2007 Miscellaneous Court Procedures Act), SF 2273 (FY 2006 Supplemental Appropriations Act), and SF 2399 (FY 2007 Small Wind Tax Credit Extension Act): **ARC 5686B**

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- Updates the listing regarding the sequence of tax credits to be deducted for individual income tax.
- Provides for changes in the application and review process for the Wind Energy Production Tax Credit for individual income tax.
- Provides for changes in how the Wind Energy Production Tax Credit for individual income tax may be allocated for partnerships, limited liability companies, S corporations, and estates or trusts in situations where federal Renewable Electricity Production Tax Credits are utilized.
- Provides for changes in the application and review process for the Renewable Energy Tax Credit for individual income tax.
- Provides for the Agricultural Assets Transfer Tax Credit for individual income tax.
- Updates the listing regarding the sequence of tax credits to be deducted for corporation income tax.
- Makes numerous technical changes.

Fiscal Impact

The Agricultural Assets Transfer Tax Credit in SF 2268, as reflected in the fiscal note, will result in a decrease to the General Fund of an estimated \$70,000 for FY 2007 and \$180,000 for FY 2008. The changes to the Wind Energy Production Tax Credit and the Renewable Energy Tax Credit in SF 2399, as reflected in the fiscal note, will result in a decrease to the General Fund of an estimated \$2.9 million for FY 2008.

Rule Summary

Implements the statutory provisions of HF 2351 (FY 2007 Eminent Domain Act), HF 2465 (FY 2007 Holding Period for Capital Assets Act), and HF 2782 (FY 2007 Capitals Appropriation Act):

ARC 5687B

- Provides that the federal holding period provisions in Section 1223 of the Internal Revenue Code will be used in determining the 10-year holding period for the Iowa capital gains exclusion for Iowa individual income tax.
- Provides for an exclusion for individual income tax for capital or ordinary gain income from an involuntary conversion relating to eminent domain.
- Provides for an exemption for Iowa corporation income tax if the only activity conducted by a foreign corporation in Iowa is using a distribution facility in Iowa and if certain other conditions are met.
- Provides for an exclusion for corporation income tax for capital or ordinary gain income from an involuntary conversion relating to eminent domain.
- Makes numerous technical changes.

Fiscal Impact

The change to the capital gain exclusion in HF 2465, as reflected in the fiscal note, will decrease General Fund revenues by an estimated \$100,000 for FY 2007 and \$50,000 for FY 2008.

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DEPARTMENT OF EDUCATION

ARC 5632B

Rule Summary Clarifies the definition of “parent” and clarifies that a child’s education records may be transmitted between appropriate agencies without parental consent.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Robin Madison (Ext. 15270)

ETHICS AND CAMPAIGN DISCLOSURE BOARD

ARC 5664B

Rule Summary The proposed amendments require campaign committees to disclose on campaign reports the names of campaign contributors in chronological order based on the date on which the contributors’ monetary or in-kind contributions were received. The current rules permit the disclosure of campaign contributors in either chronological order or alphabetical order.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Sam Leto (Ext. 16764)

HISTORICAL DIVISION - DEPARTMENT OF CULTURAL AFFAIRS

ARC 5696B

Rule Summary The amendments modify the award programs of the State Historical Society by expanding the Throne/Aldrich Award to articles published in all professional history journals; by creating the George Mills/Louise Noun Award for articles in popular history periodicals; and clarifying the processes of nomination, notification, and presentation of awards. This rule will expand the opportunities for individuals to be recognized for their work in Iowa history publications.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Ron Robinson (Ext. 16256)

INSURANCE DIVISION - DEPARTMENT OF COMMERCE

ARC 5698B

Rule Summary Requires the filing of all insurance policy rates and forms using electronic means instead of paper.

Fiscal Impact No fiscal impact. The electronic means are already in place.

ARC 5697B

Rule Summary Updates the Division’s organizational structure and implements the authority granted in Senate File 2364 (Insurance Law Changes Act) to charge a fee of \$50.00 to any party that requests the Insurance Commissioner to provide service of process as allowed by Iowa law.

Fiscal Impact No fiscal impact.

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ARC 5668B

Rule Summary Establishes a mechanism, standards and guidelines to enable Iowa employer-sponsored health benefit plans to provide health benefits to certain independent contractors. The proposed rule will enable employers self-insured for health coverage to extend coverage to certain independent contractors.

Fiscal Impact No fiscal impact.

ARC 5667B

Rule Summary The purpose is to recognize, permit, and prescribe the use of mortality tables that reflect differences in mortality between preferred and standard lives in determining minimum reserve liabilities.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Sam Leto (Ext. 16764)

IOWA FINANCE AUTHORITY

ARC 5670B

Rule Summary The amendment corrects an error in ARC 5548B, published November 22, 2006. The phrase "or corporation" in the definition of "community" was intended to be stricken for which notice of intended action was published, but the actual amendment did not strike the phrase as intended.

Fiscal Impact No fiscal impact.

STAFF CONTACT: David Reynolds (Ext. 16934)

LABOR SERVICES DIVISION - DEPARTMENT OF WORKFORCE DEVELOPMENT

ARC 5674B

Rule Summary Adopts changes to the federal respiratory protection standards by reference and creates a very limited exception to the hexavalent chromium standard to cause Iowa's program to conform to the federal program.

Fiscal Impact There will be additional costs of compliance for the respiratory protection changes. The United States Department of Labor estimated the total costs for all employers in the United States to be \$4.4 million. No reliable method for calculating the impact in Iowa is known.

ARC 5654B

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

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

ARC 5690B

Rule Summary Adopts a new requirement that participants in shoot fighting and professional boxing events provide proof of negative antigen tests for the human immunodeficiency, hepatitis A, and hepatitis B viruses, within the past six months.

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Fiscal Impact No State fiscal impact. Participants will incur the cost of a blood test every six months.

STAFF CONTACT: Ron Robinson (Ext. 16256)

MEDICAL EXAMINERS BOARD - DEPARTMENT OF PUBLIC HEALTH

ARC 5631B
Rule Summary Imposes a service charge for making a service available on-line, eliminates the current convenience fee, and updates the Medical Examiners Board's web site address in order to implement a web-based database for licensure and purchase of various services from the Board.

Fiscal Impact It is anticipated that an estimated \$90,000 in revenue will be received by the Board from service charges for on-line renewals, new applications processing, and other applications. Individuals that utilize these on-line services will pay a service charge up to \$15.00, depending on the service.

ARC 5659B
Rule Summary Updates definitions for the American Board of Medical Specialties (ABMS) and the American Osteopathic Association (AOA) and allows specialty board certification or re-certification under ABMS or AOA to serve as an equivalent to 50 hours of category 1 activity for purposes of licensure renewal.

Fiscal Impact No fiscal impact.

ARC 5658B
Rule Summary Sets the passing score at 79 on the Internet-based version of the Test of English Proficiency, which is a requirement for M.D. or D.O. applicants or acupuncture licensure for candidates who have not graduated from medical school in the United States or Canada.

Fiscal Impact No fiscal impact.

ARC 5628B
Rule Summary Updates the definition of "reportable conduct" to mean wrongful acts or omissions that are grounds for license revocation or suspension under these rules or that otherwise constitute negligence, careless acts or omissions demonstrating an inability to practice medicine competently, safely, or within the bounds of medical ethics in accordance with Sections 272C.3(2) and 272C.4(6), Code of Iowa, and the Board's rules.

Also, amends the rule that established a failure to report child abuse or dependent adult abuse as grounds for discipline so that knowingly and willfully failing to report child abuse or dependent adult abuse may be grounds for discipline.

Fiscal Impact No fiscal impact.

ARC 5657B
Rule Summary Change relates to a ground for discipline that allows the Board to take action if a licensee fails to complete the fingerprint process, which was inadvertently left out of the transition from Chapter 12 to the new Chapter 23.

Fiscal Impact No fiscal impact.

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ARC 5629B

Rule Summary Proposed amendment establishes that the Board may take disciplinary action against a physician who has entered into a voluntary agreement in another jurisdiction. The changes define how the Board identifies whether a physician has entered into a voluntary agreement. Also, the amendment states that a certified copy of the voluntary agreement shall be considered prima facie evidence. The changes are a result of the Court's ruling in *Robert L. Solomon vs. Iowa Board of Medical Examiners*.

Fiscal Impact No fiscal impact to the State. The physician involved will pay \$100 per quarter for being monitored. According to the Board, a disciplinary action of this nature does not occur often.

STAFF CONTACT: Lisa Burk (Ext. 17942)

DEPARTMENT OF NATURAL RESOURCES

ARC 5693B

Rule Summary This rule making revises the Department's rules of practice involving contested cases and addresses procedural issues that have arisen in the past on a recurring basis.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Debra Kozel (Ext. 16767)

PROFESSIONAL LICENSURE DIVISION - DEPARTMENT OF PUBLIC HEALTH

ARC 5688B

Rule Summary Cosmetology Arts and Sciences - Changes the number of continuing education hours required for licensure renewal and provides direction on content in response to comments received. As suggested by public comments, the Board changed the number of required continuing education hours back to eight from the proposed two hours, and reinstated the language that specifies the practice of specific continuing education conditions.

Fiscal Impact No fiscal impact.

ARC 5627B

Rule Summary Massage Therapy - Rescinds Chapter 133 for continuing education and replaces it with a new Chapter 133. The Board received public comments regarding the need to make the continuing education categories more clear and the changes to the Chapter are in response to those comments. Also, licensees will no longer have to provide proof of first aid certification for renewals.

Fiscal Impact No fiscal impact.

ARC 5691B

Rule Summary Optometry – Amends a subrule to correct a typographical error; amends subrules to make the rules consistent with other Board rules; amends a subrule to lengthen the implementation time of the rules to provide for sufficient provider preparation time for continuing education; and corrects the category reference.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Lisa Burk (Ext. 17942)

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DEPARTMENT OF PUBLIC SAFETY

ARC 5669B

Rule Summary Makes two changes to the flammable and combustible liquid rules by extending the deadline for having listed dispensing equipment for E-85 from July 1, 2007, to July 1, 2009 and bars the use of tank vehicles and tank cars as storage tanks.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

REAL ESTATE APPRAISER EXAMINING BOARD - DEPARTMENT OF COMMERCE

ARC 5660B

Rule Summary The proposed amendments to Chapter 1 update references to the Real Estate Appraiser Examining Board's official address. The proposed amendment to Chapter 10 adds a reference to a form required by the Board. The proposed amendments to Chapter 11 add requirements for licensees who are in lapsed or inactive status and establish a time limit by which persons returning from active military duty must meet continuing education requirements. The proposed amendment to Chapter 12 implements the correct fee for reinstating an inactive license.

Fiscal Impact No fiscal impact to the State. The only costs incurred will be those required as continuing education fees for those seeking reinstatement after a period of years.

STAFF CONTACT: Sam Leto (Ext. 16764)

STATE PUBLIC DEFENDER - DEPARTMENT OF INSPECTIONS AND APPEALS

ARC 5652B

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

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

STAFF CONTACT: Beth Lenstra (Ext. 16301)

DEPARTMENT OF TRANSPORTATION

ARC 5640B

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

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

ARC 5655B

Rule Summary As authorized by Sections 321.449 and 321.450, Code of Iowa, the Department of Transportation is adopting the latest edition (October 2006) of the Code of Federal Regulations concerning the Federal Motor Carrier Safety Regulations and the Federal Hazardous Materials Regulations. Sections 321.449 and 321.450, Code of Iowa, require that a person shall not operate a commercial vehicle on the highways of this State except in compliance with rules adopted by the Department under Chapter 17A, Code of Iowa. The rules must be consistent with the Federal Motor Carrier Safety and Hazardous Materials Regulations.

Fiscal Impact The proposed changes may impact motor carrier operations, equipment maintenance, and reporting requirements. The fiscal impact, however, is unknown.

ARC 5656B

Rule Summary Rescind Chapter 830, "Rail Assistance Program," and Chapter 831, "Railroad Revolving Loan Fund." The Rail Assistance Program and the Railroad Revolving Loan Fund Program were replaced by the Railroad Revolving Loan and Grant Fund Program with the enactment of 2005 Iowa Acts, Chapter 178, sections 31 to 34. Chapter 178 amended Sections 327H.20A, 327H.26, and 327I.8 Code of Iowa, to establish the new Railroad Revolving Loan and Grant Fund. The Department's administrative rules governing the administration of the Rail Assistance Program and the Railroad Revolving Loan Fund Program are no longer needed and are being rescinded. The Iowa Railway Finance Authority has adopted 765 – Chapter 5 to administer the Railroad Revolving Loan and Grant Fund Program.

Fiscal Impact No fiscal impact.

ARC 5641B

Rule Summary The Department is adopting a new Chapter pertaining to the Public Transit Infrastructure Grant Fund that was created with the enactment of 2006 Iowa Acts, HF 2782 (FY 2007 Infrastructure Appropriations Act), Section 55. The Act creates the Public Transit Infrastructure Grant Fund in section 324A.6A, Code of Iowa. The Grant Program will provide funding for improvement of the vertical infrastructure of Iowa's designated public transit systems.

Fiscal Impact The Department was appropriated \$2.2 million per year for FY 2007 and FY 2008 to implement and fund the Grant Program. The FY 2007 appropriation is from the Endowment for Iowa's Health Restricted Capitals Fund (Tax-Exempt Tobacco Bonds) and the FY 2008 appropriation is from the Rebuild Iowa Infrastructure Fund.

STAFF CONTACT: David Reynolds (Ext. 16934) Mary Beth Mellick (Ext. 18223)

IOWA VETERANS HOME - DEPARTMENT OF VETERANS AFFAIRS

ARC 5673B

Rule Summary Provides for the payment of the federal Medicare Part D premium payment from residents' social security payments when available, and other various updates regarding the definition of the administrative rules. Medicare Part D has been in effect since January 1, 2006, and the Iowa Veterans Home has been advised of the

need to adopt administrative rules prior to, or during the transition period, in lieu of after the process is in place.

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

Fiscal Impact

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

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

STAFF CONTACT: Sue Lerdal (Ext. 17794)
