

MEMORANDUM

TO: Administrative Rules Review Committee
 FROM: Fiscal Services Division, Legislative Services Agency
 DATE: May 6, 2004
 RE: Fiscal Impact of Agency Administrative Rules

House File 636 (Legislative Services Agency Consolidation Act) 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). This memorandum provides an overview of the fiscal impact of the rules presented by the agencies for the May 11, 2004 ARRC meeting.

<u>Rule</u>	<u>Rule Summary</u>	<u>Fiscal Impact Analysis</u>
Administrative Services Department		LSA Contact: Ron Robinson 1-6256
ARC 3315B	This new chapter establishes procedures for inspecting, selecting, and removing personal property from State agencies or from State storage and procedures for the auction of vehicles and other items under the control of the Director.	No fiscal impact.
ARC 3307B	Establish a Sick Leave and Vacation Incentive Program for eligible Executive Branch employees. Eligible employees must have the sum of their years of credited service and age as of December 31, 2003, equal or exceeding 75. Participants must apply by May 12 and leave employment on or after July 2, but not later than August 12, 2004. Incentive payments will be spread over 5 years (30%, 20%, 20%, 20% and 10%) beginning in FY2005 and will pay the entire amount of accumulated but unused vacation plus the lesser of 75% of accumulated but unused sick leave or 75% of the employee's regular annual salary.	The expected cost avoidance is approximately \$5.4 million in FY 2005, \$6.6 million for each FY 2006 through FY 2008, \$7.7 million in FY 2009, or \$32.9 million over five years from all funding sources. The General Fund share would be approximately \$2.7 million in FY 2005, \$3.1 million for each FY 2006 through FY 2008, \$3.4 million in FY 2009, or \$15.4 million over five years. The above estimate does not include State employees of the Board of Regents.
ARC 3226B	The new definition of State agency in <u>Iowa Code</u> chapter 8A specifically exempts elected officials, the Legislative and Judicial Branches, and political subdivisions from Department rules.	Fiscal impact cannot be determined.
Agriculture and Land Stewardship		LSA Contact: Deb Kozel 1-6767
ARC 3278B	Updates animal exhibition requirements.	Minimal fiscal impact.
College Student Aid Commission		LSA Contact: Mary Shipman 1-4617
ARC 3323B	The proposed change specifies that to be eligible to receive an Iowa Tuition Grant at	No fiscal impact.

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	least 50 percent of the hours in which the student is enrolled must be taken in a classroom setting and clarify the priority by which Iowa Tuition Grant awards will be made.	
Department of Economic Development		LSA Contact: Russ Trimble 1-4613
ARC 3285B	The proposed amendments include listing of application review criteria and elimination of the pre-application process for the Community Development Block Grant (CDBG) Program funds.	No fiscal impact.
ARC 3284B	Implements the Loan and Credit Guarantee Program as authorized by HF 683 (FY 2004 Grow Iowa Values Fund Act) Section 69 and HF 692 (FY 2004 Taxation Changes, Grow Iowa Values, and Regulatory Reform Act) Sections 101-106. Rules establish application procedures, evaluation criteria, form of award and establish the contractual and compliance components of the Program.	The fiscal impact is \$2.5 million for FY 2004 and \$5.0 million for FY 2005. These are the dollar amounts appropriated for this purpose in HF 683 (FY 2004 Grow Iowa Values Fund Act).
Educational Examiners Board		LSA Contact: Robin Madison 1-5270
ARC 3311B	Replaces and updates current chapter regarding professional behavior for educators.	No fiscal impact.
ARC 3313B	Provides for denial of a Class E license if no progress has been made on a Class A, B, C, or D license unless extenuating circumstances can be verified.	No fiscal impact.
ARC 3310B	Increases fees for practitioner licenses and authorizations.	Most fees are increasing from \$50 to \$60 for five years, or an increase of \$2 per year. This is estimated to generate \$180,000 in additional revenue in FY 2005 (partial year) and \$215,000 in FY 2006. The agency will retain 70.0% of the increase, or \$150,000 in FY 2006. The remaining 30.0% (\$65,000) will benefit the General Fund.
ARC 3312B	New chapter to establish the existing "Canon" of practitioner rights and responsibilities in administrative rules.	No fiscal impact.
Department of Elder Affairs		LSA Contact: Lisa Burk 1-7942
ARC 3300B	Revisions reflect current Department policy and procedures. The Department's mailing address is corrected, provides clarification, and eliminates duplication of language. In addition, the uniform waiver procedures are moved from Chapter 1 to Chapter 11.	No fiscal impact.
ARC 3288B ARC 3299B ARC 3301B ARC 3302B	Provisions for the regulatory oversight of elder group homes, assisted living, and adult day services programs.	There are currently an estimated 180 assisted living programs in the State and it is anticipated there will be 80 adult day service programs that will require certification and oversight.

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		<p>For FY 2004, a total of \$993,000 was appropriated, which included \$800,000 and 6.0 FTE positions from the Senior Living Trust Fund and \$193,000 in fees generated from assisted living certifications in previous fiscal years.</p> <p>For FY 2005, the General Assembly appropriated \$800,000 and 6.0 FTE positions from the Senior Living Trust Fund. Certification fees are deposited into the General Fund.</p>
Environmental Protection Commission (Dept. Natural Resources)		LSA Contact: Deb Kozel 1-6767
ARC 3281B	Changes water quality standards for warm water interior streams to protect fish. Adds 13 stream segments as Class B (LR) Limited Resource warm water to the document "Surface Water Classification.	Minimal fiscal impact to the Department of Natural Resources (DNR). May have an impact on small business, however, that information is not known at this time.
ARC 3282B	Rules regarding Water Quality Standards related to the cold water use designation for aquatic life protection. Includes the assessment of existing aquatic life present or potentially present in Iowa's cold water streams and lakes. The assessment would include the capabilities of the receiving stream to support various aquatic communities and to make recommendations for appropriate use designations in the Water Quality Standards. Also recommends to modify the current single cold water designation, Class B(CW), into two tiers of designation; Class B(CW1) and Class B(CW2). Along with the proposed tiers of use designation are proposed numerical criteria very similar to the existing numerical criteria.	<p>Estimated cost to the Department of Natural Resources (DNR) is \$15,000 to \$20,000 for monitoring and data assessment.</p> <p>Costs to regulated parties are based on converting the existing facility into a design that could achieve effective ammonia removal and effective disinfection. It is assumed that any future impacted facility would also be facing significant design improvements to meet stringent ammonia and bacteria limitations necessary to protect the coldwater use designation. There are 3 to 4 facilities affected and the cost per facility is \$750,000 to \$1.0 million with a total impact to regulated parties of \$2.25 to \$4 million.</p>
ARC 2924B	<p>Makes changes to the Manure Applicator Certification Program:</p> <ol style="list-style-type: none"> 1. Distinguishes between a Commercial Manure Service and a Commercial Manure Service Representative. Requires both to pay an annual fee as of January 1, 2004. 2. Specifies process for suspending/revoking a license. 3. The DNR will charge an annual educational fee. This is \$25 for FY 2004. 4. A Service can pay an employee's certification. If that employee leaves, a new employee must be certified, but the Service does not have to pay another fee. 5. Confinement site applicators must pay 	<p>Revenue collected from the education fee as of May 3, 2004, revenue from the education fee was \$63,100.</p> <p>Estimated expenditures include:</p> <p>Central Office = \$20,000 per year Field Office Testing = 5,000 per year Classroom Training = 140,000 per year.</p>

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	an educational fee.	
ARC 3279B	Terminates the proposed amendments that were Filed Without Notice and published as ARC 2823B. The Notice was published to solicit comments and for public hearings.	No fiscal impact.
ARC 3283B	Modifies the Iowa Land Recycling Program (LRP) that is a voluntary cleanup program for contaminated sites. Establishes risk-based cleanup standards and includes public notification requirements. Addresses concerns of the federal Environmental Protection Agency.	Fiscal impact to persons affected by the rule revisions will be minimal. Parties who voluntarily enroll in the LRP will pay enrollment fees that cover DNR's oversight costs. No State match is required.
Department of Human Services		LSA Contact: Sue Lerdal 1-7794, Lisa Burk 1-7942, Jennifer Vermeer 1-4611
ARC 3327B	Adds day habilitation as a covered service under the Medicaid Mental Retardation Home and Community Based Services Waiver. A previous rule change added adult day care, prevocational, and transportation services under the MR Waiver in FY 2004, pursuant to legislation passed in the 2003 Legislative Session. Day Habilitation was also added in the same legislation, but required additional time to implement.	The implementation of adult day care, prevocational, and transportation services resulted in an unknown savings to the counties. This rule affects day habilitation only. DHS estimates that most clients who will access day habilitation will already be receiving adult day care or prevocational services under the waiver. The change is expected to have a minimal fiscal impact.
ARC 3328B	Allows the Child Support Recovery Unit to assist parents with changing a support obligation when a child goes to live with the other parent, and if the order directs a change.	Minimal fiscal impact. This will result in additional workload at a cost of \$19,000 per year (\$6,000 State funds, \$13,000 federal funds). This cost is offset by fewer customer assistance calls and field staff time.
ARC 3329B	Specifies that in a child development Category C home one provider must meet the child development Category C home provider qualifications, while the co-provider may meet the provider qualifications for child development home Category B providers.	No fiscal impact.
ARC 3325B	Changes the terms for licensure for certain foster care programs to up to a three-year period.	No fiscal impact.
ARC 3326B	The amendments establish local transition committees (including department, juvenile court service, adult service system, and education staff, as well as service providers and others knowledgeable about community resources) to review and approve written transition plans for preparing youth in foster care for transition to adulthood by identifying and addressing gaps in existing services or supports available to these youth. In addition, the rules update the term service area manager and form numbers.	No fiscal impact. Implements HF 457 (Child Welfare Transition Act).

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Insurance Division (Dept. of Commerce)		LSA Contact: Ron Robinson 1-6256
ARC 3324B	Suspension of the Iowa Small Employer Health Reinsurance Program.	No fiscal impact.
ARC 3306B	Subrule 15.43(10), regarding diminished value, was originally adopted with an effective date of August 27, 2003. On August 13, 2003, the Administrative Rules Review Committee delayed the effective date until the adjournment of the 2004 legislative session. The purpose of this rule making is to rescind the subrule.	No fiscal impact.
Iowa Finance Authority		LSA Contact: Russ Trimble 1-4613
ARC 3322B	Rescinds rules 265-9.1(16) through 265-9.19(16) and adopts new rules 265-9.1(16) through 265-9.15(16) concerning the Title Guaranty Division. The new rules detail the mission, organization, program and operations of the Title Guaranty Division, including the location and the means by which interested persons may obtain information and make submissions or requests.	No fiscal impact. The Authority indicates that the rules simplify the process of obtaining a title guarantee certificate when refinancing a home loan, which could help reduce the cost that the consumer pays for an abstract and/or title opinion.
Iowa Law Enforcement Academy		LSA Contact: Jennifer Acton 1-7846
ARC 3314B	The proposed rule establishes personal standards for Iowa reserve peace officers.	The fiscal impact of this rule is unknown since no estimates are available to determine the number of reserve peace officers utilized and how frequently new ones are appointed.
Iowa Public Employees Retirement System (IPERS)		LSA Contact: Ron Robinson 1-6256
ARC 3295B	<p>The purpose of this proposed rule making is to rescind rules, the content of which is contained in new 495. Differences between the rescinded rules and the new rules include:</p> <ol style="list-style-type: none"> 1. Clarifies that IPERS is not required to provide benefits for periods of service prior to the date that IPERS actually receives notice from the employer, unless the employer agrees to pay the full actuarial cost of providing such benefits. 2. Establishes the requirement that beginning December 31, 2004, employers whose classes include correctional officers, correctional supervisors, and others within a correctional facility submit at the end of each calendar year a list of jobs that qualify for protection occupation class coverage. 3. Implements the statutory contribution rates for special service members 	Fiscal impact cannot be determined.

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	recommended by IPERS' actuary pursuant to Iowa Code sections 97B.49B and 97B.49C. 4. Technical changes.	
Landscape Architectural Examiners Board (Dept. of Commerce)		LSA Contact: Ron Robinson 1-6256
ARC 3276B	The proposed amendment established a fee for replacement of a licensee's wall certificate for the Landscape Architectural Examining Board. The architect's title was changed from "landscape architect" to "professional landscape architect" effective July 1, 2002.	No fiscal impact. There are current 160 licensees. The fee will be \$25. The number who will request a new license is unknown.
Medical Examiners Board		LSA Contact: Lisa Burk 1-7942
ARC 3290B	Proposed amendments establish or revise fees and establish repayment receipts as defined in Section 8.2, <u>Code of Iowa</u> . The fees collected from an acupuncturist or a physician for a duplicate wall certificate or renewal card will be considered a repayment receipt. The elements of the data lists and the fees will be changed to provide all data elements and eliminate customized lists and the additional costs. The Board may request a report from the National Practitioner Data Bank or the Healthcare Integrity and Protection Data Bank regarding an applicant or licensee.	Minimal fiscal impact. The cost of obtaining the report is included within the licensure fees and the portion of the fee spent to obtain that report will be considered a repayment receipt. The Board may negotiate in a settlement agreement a provision for payment of \$100 per quarter to cover the Board's expenses in monitoring a licensee's compliance with the settlement agreement and this fee will also be considered a repayment receipt.
ARC 3289B	Proposed amendment adds a registered pharmacist-intern to the list of those to whom an authorized pharmacist may delegate the administration of influenza and pneumococcal vaccines to adults. An authorized pharmacist is required to provide direct personal supervision when delegating such administration to a registered pharmacist-intern.	No fiscal impact.
Board of Parole		LSA Contact: Beth Lenstra 1-6301
ARC 3321B	Updates the rules to correct internal references to the <u>Code of Iowa</u> , and brings the Board's rules into compliance with the Uniform Rules on Agency Procedure.	No fiscal impact.
Iowa Comprehensive Petroleum UST Fund Board		LSA Contact: Jeff Robinson 1-4614
ARC 3308B	Potential conflicts of interest; UST Fund Board authority to transfer liabilities to a third party.	Information will be provided at the meeting.
Pharmacy Examiners Board (Dept. Public Health)		LSA Contact: Lisa Burk 1-7942
ARC 3242B	Expands dual labeling rule for generic and brand name products.	No fiscal impact.

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Professional Licensure Division (Dept Public Health)		LSA Contact: Lisa Burk 1-7942
ARC 3286B	Board of Chiropractic Examiners - Adopts criteria for notifying the Board of name and address changes, conduct of persons in public meetings, license renewal, discipline, obtaining duplicate and reissued wallet cards and certificates, and fees associated with the re-issuance of wallet cards and certificates.	Minimal fiscal impact.
ARC 3304B	Board of Examiners for Nursing Home Administrators - Adopts criteria for conduct of persons in public meetings and for licensee discipline.	Minimal fiscal impact.
ARC 3309B	Board of Optometry Examiners - Adopts criteria for notifying the Board of name and address changes, conduct of persons in public meetings, license renewal, discipline, and obtaining duplicate and reissued wallet cards and certificates, and fees associated with the re-issuance of wallet cards and certificates.	Minimal fiscal impact.
ARC 3275B	Board of Athletic Training Examiners - Proposed amendments adopt criteria for license renewal and how to obtain duplicate and reissued wallet cards and certificates and associated fees for these purposes.	Minimal fiscal impact on licensees who need a duplicate or reissued wallet card or certificate.
Department of Public Safety		LSA Contact: Jennifer Acton 1-7846
ARC 3293B	The proposed rule change establishes life safety standards for adult day services programs.	Costs to facilities to correct violations of the Life Safety Code requirements are unknown. Biennial inspection fees are \$50 per facility for an estimated 90 facilities resulting in approximately \$2,250 in annual fee revenue (\$4,500 biennially). This rule will require additional fire marshal inspections, which are funded from the Senior Living Trust Fund. The cost for these additional inspections is not known at this time.
ARC 3292B	The proposed rule change updates life safety requirements for assisted living facilities. Facilities previously approved based on earlier editions of the Life Safety Code may continue to operate as long as they do not undertake a major renovation or remodeling project.	No fiscal impact to the State General Fund. Under this rule, there is no impact on already certified facilities; however, the impact on remodeled, renovated, or new facilities is unknown.
ARC 3291B	The proposed rule change adopts provisions of the 2003 Life Safety Code, published by the National Fire Protection Association, as the fire safety requirements for residential care facilities.	No fiscal impact to the State General Fund. Any additional costs to new facilities are unknown; existing facilities are allowed to continue operating under previous requirements.
ARC 3320B	The proposed rule allows health care facilities which are subject to the State Building Code to comply with applicable	No fiscal impact to the State General Fund. Some health care facilities subject to the State Building Code, including State-owned

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	Life Safety Code requirements in lieu of complying with fire safety requirements in the State Building Code.	facilities, may save some money in potential construction and renovation costs.
ARC 3294B	The proposed rule change updates fire fighter certification to the latest edition published by the National Fire Protection Association and allows the Bureau to offer additional levels of certification.	Course fees generated from fire fighters seeking additional certifications will offset the cost for additional classes. Some additional paperwork will be required, which is anticipated to have no impact on the General Fund appropriation to the Fire Service Training Bureau.
Real Estate Commission (Dept. of Commerce)		LSA Contact: Ron Robinson 1-6256
ARC 3277B	The amendments to subrules 13.1(3), 13.1(7), and 13.1(11) are intended to clarify that written agreement of all parties and agreement of the broker are required before the broker can deposit trust funds into a real estate trust account bearing interest to a party other than the Iowa Department of Economic Development.	No fiscal impact.
Department of Revenue		LSA Contact: Ron Robinson 1-6256
ARC 3297B	<p>New school infrastructure local option sales and services tax effective on or after April 1, 2003 through December 31, 2022.</p> <p>Item 1 amends 701—chapter 108(422E) by indicating in the title that this chapter governs school infrastructure local option sales and service tax that has been voted on and approved prior to April 1, 2003.</p> <p>Item 2 amends 701 of the Iowa Administrative Code to implement SF 445 (Local Option Sales Tax for Schools Act), and HF 683 (Iowa Values Fund Act), sections 20-25 to provide a new distribution of school local option sales and services tax for jurisdictions that have voted and approved the tax on or after April 1, 2003. This tax is also set to automatically repeal on December 31, 2022.</p>	Minimal fiscal impact.
ARC 3298B	<p>Items 1-5 implement SF 453 (Reinvention Act), and SF 458 (Standings Appropriations Act), which provides that effective July 1, 2003 the Iowa Lottery ceases to be a Division of the Iowa Department of Revenue and becomes an independent authority as a Charter Agency.</p> <p>Item 6 implements 2003 Iowa Acts, HF 624 (Farm Deer Act), which amends the term "livestock" for the purpose of exemption from Iowa sales and use tax to include whitetail deer and mule deer, excluding free-ranging whitetail deer and mule deer.</p>	Minimal fiscal impact.

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	<p>Item 7 implements SF 458, Section 126, to provide that fees charged by a financial institution to a non-customer for transactions involving point of sales, service charge or access to an automated teller machine are not subject to Iowa sales or use tax.</p> <p>Item 8 implements HF 127 (Decategorization Board Membership Act) to provide that the transfer of a vehicle subject to registration from one corporation to another corporation can be exempt from Iowa use tax if certain criteria are met.</p> <p>Items 9-11 implement SF 366 (Probate Trust Act), by amending the definition of what constitutes the taxable estate and adding the definition of "stepchild". Also changes the date on which property of an estate is valued. Previously property of an estate was valued at the date of death of the decedent. With this amendment, estates with decedents dying on or after July 1, 2003, property of an estate will be valued on the date of transfer.</p>	
Department of Transportation		LSA Analyst: Mary Beth Mellick 1-8223
ARC 3305B	<p>Amends Chapter 911 to meet Federal Regulations relating to regional transit vehicles used to transport students under contracts with public schools. Clarifies that dispatchers need only be subject to federally mandated drug and alcohol testing if they actually control the movement of vehicles (as in the case of a rail dispatcher).</p> <p>Establishes new standards for wheelchair lifts, effective December 2004.</p>	<p>Minimal fiscal impact. Depending on how local transit systems interpreted the rule previously, the number of annual drug and alcohol tests could be reduced, for a cost-savings of between \$75 and \$150 annually per system (12 participating regional transit systems could be affected).</p> <p>The new standards for wheelchair lifts may increase the cost of new lift-equipped buses by between \$200 and \$400 annually per bus (between 15 and 20 vehicles could be affected).</p>
Utilities' Division (Dept. of Commerce)		LSA Analyst: Ron Robinson 1-6256
ARC 3317B	These proposed amendments require the Board to consider capital infrastructure costs and cost of capital changes that occur within nine months of the test year in a general rate proceeding.	Until the Board approves rates that include capital infrastructure investment and cost of capital changes occurring nine months after the test year, the impact of the rate increase on State revenues is unknown.
ARC 3319B	The proposed amendments rescind provisions of the Board's rules related to small volume gas transportation that are no longer relevant or necessary and clarify the utilities obligation to provide gas to small volume transportation customers in case of supply failure.	<p>No fiscal impact to the State.</p> <p>There should be no fiscal impact on any utilities or companies transporting gas. The proposed amendments either rescind outdated provisions or clarify existing provisions.</p>

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Workers' Compensation Division (Dept. Workforce Development)		LSA Analyst: Russ Trimble 1-4613
ARC 3287B	Modifies the existing rule on the requirements for filing required reports for work-related injuries.	No fiscal impact.

Please contact the LSA analyst listed for each rule, Jennifer Vermeer (281-4611), or Tim Faller (281-4615) if you have any questions.

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