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**STATE OF IOWA**  
**LEGISLATIVE FISCAL BUREAU**

State Capitol  
 Des Moines, Iowa  
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**MEMORANDUM**

TO: Administrative Rules Review Committee  
 FROM: Fiscal Services Division, Legislative Services Agency  
 DATE: June 6, 2003  
 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). The process and format have not been finalized. During discussions with the ARRC staff and the Governor's Office, it was decided that a forum would be held on June 19, 2003 at 1:30 p.m. in order for agency staff and the ARRC members to discuss and make comments on the proposed process. This memorandum provides an overview of the fiscal impact of the rules presented by the agencies for the June 9, 2003 ARRC meeting as an interim method of presenting the fiscal analysis. Since the process has not yet been fully implemented, information was not available for all of the rules.

<u>Rule</u>	<u>Rule Summary</u>	<u>Fiscal Impact Analysis</u>
<b>Agriculture and Land Stewardship</b>		<b>LSA Contact:</b> Deb Kozel (1-6767)
ARC2479	Regulation of poultry for exhibition and sale at county fairs, 4-H exhibits, etc. Requires a licensed veterinarian to inspect all poultry at show or exhibit.	Minimal fiscal impact.
ARC2480B	Reduces testing of swine at county fairs, exhibits, etc. Iowa is now at Stage IV in the federal pseudorabies eradication program and less testing is required.	Minimal fiscal impact.
ARC2457	Modifies definitions for farm deer enrolled in the chronic wasting disease-monitoring program.	Additional expenditures for inspection are estimated at \$180,000 per year.
<b>Auditor of State</b>		<b>LSA Contact:</b> Sam Leto (1-6764)
ARC 2513B	Revises the fee structure for filing audits required in Section 11.6 Iowa Code.	Minimal increase in revenues used for re-audit costs.
<b>Civil Rights Commission</b>		<b>LSA Contact:</b> Beth Lenstra (1-6301)
ARC 2511B	Provides rules for electronic attendance of Commissioners and updates the Commission's address.	No fiscal impact. Technical changes.

<b><u>Rule</u></b>	<b><u>Rule Summary</u></b>	<b><u>Fiscal Impact Analysis</u></b>
<b>Department of Commerce (Professional Licensing)</b>		<b>LSA Contact:</b> Ron Robinson (1-6256)
ARC 2510B	The proposed rule establishes guidelines for the Division's newsletter.	The Department has not provided any impact information.
ARC 2477B	Rescinds Chapters 1-8 of Section 193D, <u>Iowa Administrative Code</u> and adopts new Chapters 1-4 of Section 193D, <u>Iowa Administrative Code</u> , pertaining to Landscape Architecture.	The Department has not provided any impact information.
ARC 2489B	This amendment revises the fee structure for engineering and land surveying licensure.	The Department has not provided any impact information.
<b>Department of Commerce (Utilities)</b>		<b>LSA Contact:</b> Ron Robinson (1-6256)
ARC 2459B	The proposed amendments are in response to Section 476.47, <u>Code of Iowa</u> , which requires all electric utilities to offer by January 1, 2004, "alternate energy purchase programs that allow customers to contribute voluntarily to the development of alternate energy in Iowa."	The Department has not provided any impact information.
ARC 2460B	The Board is adopting revisions to provide that electric line franchise extension applications are to be less extensive than original applications and proceedings.	The Department has not provided any impact information.
ARC 2506B	The Board is adopting a new chapter, 199 IAC 42, to address recent legislation related to the fees and procedures for public utilities crossing railroad rights-of-way with their wires and pipelines.	The Department has not provided any impact information.
ARC 2507B	This rule is intended to implement a process for communications service providers to submit applications for new or additional prefixes or "thousand blocks" to the Board.	The Department has not provided any impact information.
<b>Department of Economic Development</b>		<b>LSA Contact:</b> Russ Trimble (1-4613)
ARC 2461B	Updates Department's organizational structure, mission statement, and description of divisions, rescinds chapters no longer needed due to lack of funding, program no longer in existence, or another program to take its place.	No fiscal impact. Technical changes and elimination of unnecessary chapters.
<b>Department of Education</b>		<b>LSA Contact:</b> Robin Madison (1-5270)
ARC 2500B	Establishes rules regarding the closing of attendance centers and realigning grades within an attendance center.	The Department reports there will be no fiscal impact because the rules reflect current practice. LSA concurs.
ARC 2498B	Updates the rules governing minimum standards for community college faculty.	The Department reports there will be no fiscal impact because the rules reflect the same standards that applied to community college faculty previously through the Board of Educational Examiners. LSA concurs.

<u>Rule</u>	<u>Rule Summary</u>	<u>Fiscal Impact Analysis</u>
ARC 2499B	Updates the rules regarding professional development for school districts to meet the expectations of the Student Achievement and Teacher Quality Program.	The Department reports there will be no fiscal impact. LSA concurs.
<b>Board of Educational Examiners</b>		<b>LSA Contact:</b> Robin Madison (1-5270)
ARC 2501B ARC 2503B	Expands the conditions for granting waivers of the child and dependent adult abuse training requirement for renewals of substitute teacher and driving instructor authorizations.	The agency reports there will be no significant fiscal impact. LSA concurs.
ARC 2502B	Provides a mechanism for administrators to add the evaluator endorsement to a license.	The agency reports there will be no significant fiscal impact. LSA concurs.
<b>Employment Appeals Board</b>		<b>LSA Contact:</b> Douglas Wulf (1-3250)
ARC 2475B	Changes mailing address after move.	Minimal Fiscal Impact
<b>Ethics and Campaign Disclosure Board</b>		<b>LSA Contact:</b> Sam Leto (1-6764)
ARC 2462B	Consolidates Chapter 12 with Chapter 1 and rescinds Chapter 12.	No fiscal impact. Technical Changes.
ARC 2486B	Moves Chapter 2 to Chapter 3, Chapter 10 to Chapter 2, and Chapter 6 to Chapter 10.	No fiscal impact. Technical Changes.
ARC 2463B	Removes rescinded rules and other clean up.	No fiscal impact. Technical changes.
ARC 2478B	Rearranges chapters and other clean up.	No fiscal impact. Technical changes.
<b>Department of Human Services</b>		<b>LSA Contact:</b> Jennifer Vermeer (1-4611)
ARC 2490B	Federal law requires states to grant food stamp eligibility to legal immigrants age 18 and under who are otherwise eligible for the program.	No State fiscal impact. The Food Stamps Program is 100% federally funded.  DHS estimates a maximum increase of 5 children per month. The average food stamps allotment is \$76.25 per month, for a total maximum federal impact of \$5,000.
Chapters 78, 79, and 81	Discontinues state Medicaid payments to hospitals for co-insurance and deductibles for individuals also covered by Medicare, in most circumstances. This change is required by HF 667 (Health and Human Services Appropriations Act).  Hospitals will receive reimbursement for 70% (the maximum allowed) of these costs from Medicare as a bad debt reimbursement. The state will pay the remaining 30% of these costs as a Medicaid payment.	Estimated to result in a net savings of \$4.3 million from the State General Fund and \$7.4 million in Federal funds, for a total savings of \$11.7 million in FY 2004.  Since hospitals will receive 70% of these costs from Medicare and 30% from Medicaid, this rule results in no net loss in funding to the hospitals, as required by HF 667.

<b><u>Rule</u></b>	<b><u>Rule Summary</u></b>	<b><u>Fiscal Impact Analysis</u></b>
Chapters 77, 78, 79 and 83	<p>HF 560 requires the addition of transportation, adult day care and prevocational services under the Home and Community Based Services Mental Retardation (MR) Waiver Program.</p> <p>HF 387 requires the addition of provisions to allow MR residential care facilities to convert to supported community living units, which do not require licensure. HF 387 also requires the addition of provisions to allow five-bed living units.</p>	<p>DHS estimates a state fiscal impact of \$914,800 in the State Cases Program for FY 2004 from adding these three services to the MR Waiver. Counties currently pay 100% of the cost of these services, and will now only have to pay the one-third state match for the services. The actual savings to the counties is unknown, but are estimated to range from \$5.6 million to \$20.0 million.</p> <p>No fiscal impact estimated for the MR license and five-bed living units rules.</p>
Chapters 150 and 185	HF 667 continues reimbursement rates for purchase of service providers and rehabilitative treatment and supportive services providers at the FY 2003 level for FY 2004.	No fiscal impact as this continues reimbursement rates at the same level as the prior year.
<b>Department of Inspections and Appeals, Office of the State Public Defender</b>		<b>LSA Contact:</b> Beth Lenstra (1-6301)
ARC 2476B	Updates rules for submitting reimbursement claims for Public Defenders and private attorneys.	No fiscal impact. Technical changes.
<b>Iowa Finance Authority</b>		<b>LSA Contact:</b> Russ Trimble (1-4613)
ARC 2504B	Expands the use of funds granted to local housing trust funds and extends the interest rate reduction under single family home construction loan program to homes purchased by borrowers of the First Home Program.	No information has been provided.
<b>Department of Natural Resources Environmental Protection Commission</b>		<b>LSA Contact:</b> Deb Kozel (1-6767)
ARC 2467B	Amends the rules to exempt certain business activities from air pollution construction permits. Excludes equipment used for drilling, sanding or other activities for non-production activities. Exempts manually-operated equipment used for drilling, sanding, and other activities. Rules were developed in conjunction with the Iowa Association of Business and Industry and the federal Environmental Protection Agency (EPA).	This will have a net positive impact. It will save money for the applicant and the Department.

<b><u>Rule</u></b>	<b><u>Rule Summary</u></b>	<b><u>Fiscal Impact Analysis</u></b>
ARC 2465	Establishes ambient air quality standards for hydrogen sulfide and ammonia based on the study recommendations made by Iowa State University and the University of Iowa. During the recent legislative session, the General Assembly passed SJR 5 (FY 2004 Nullifying Administrative Rules Regarding Air Regulations Resolution) that nullified these rules approved by the Environmental Protection Commission.	Rule was nullified by the General Assembly.
ARC 2468	Implements the Iowa Ambient Air Quality Manual that specifies site requirements, data handling procedures, approved monitoring methods, quality assurance, and public availability of data.	Minimal fiscal impact.
ARC 2466	Prohibits the construction of confinement feeding operations on the floodplains of major water sources. The amendments also reiterate the requirement for persons to notify the Department if a proposed confined feeding operation will be located on alluvial soils and clarify the criteria for review of animal feeding operation structures that would be located on the floodplain of waterbodies that are not considered major water sources.	No fiscal impact.
<b>Department of Natural Resources Natural Resource Commission</b>		<b>LSA Contact:</b> Deb Kozel (1-6767)
ARC 2495	Provides authority for Iowa to participate in the International Wildlife Violator Compact and establishes license privilege suspension procedures for residents and nonresidents.	Minimal fiscal impact. Increases workload for existing Department employees, but no additional capital expenditures. Small increase in administrative costs.
ARC 2493	Allows the use of waterfowl decoys and stationary blinds on pools 16, 17 and 18 on the Mississippi River.	No fiscal impact. Technical change.
ARC 2496	Adds the Pool Slough Wildlife Area in Allamakee County to the Department of Natural Resources list of wildlife refuges.	No fiscal impact. Technical change.
ARC 2494	Implements the federal Forest Lands Enhancement Program created in the federal Farm Bill. Provides funding for conservation tree and shrub planting, wildlife habitat establishment, forest riparian buffer strip establishment, timber stand improvement and other forestry projects on private land. State forestry agencies can use federal funds to provide assistance to landowners enrolled the previous federal forestry programs. These programs will be replaced by the new Forest Land Enhancement Program.	Federal cost share funds will range from \$140,000-\$200,000 per year. The Department maintains 10.0%-15.0% of the State's allocation to cover administrative expenditures and for private forest education programs. Cost share funds will be used to purchase native seedlings and pay for private forestry consultants and vendors to plant trees.

<u>Rule</u>	<u>Rule Summary</u>	<u>Fiscal Impact Analysis</u>
ARC 2497	Rules for the fall wild turkey hunting season. Deletes language that defines archery equipment.	Estimated to generate \$160,000 per year in hunting license revenue and over \$100,000 per year in other economic activity—gasoline, motels, meals, hunting equipment.
<b>Department of Public Health</b>		<b>LSA Contact:</b> Lisa Burk (1-7942)
ARC 2491B	Out-of-hospital-do-not-resuscitate orders. Streamlines the care of patients with a known terminal condition to assure that the medical care being provided in the out-of-hospital setting is consistent with the patient's desire and their attending physician's authorization.	No fiscal impact. Education costs will be paid from existing training funds and minimal staff time will be required to implement.
<b>Department of Public Health Dental Examiners Board</b>		<b>LSA Contact:</b> Lisa Burk (1-7942)
ARC 2473B	Temporary permit to practice dentistry or dental hygiene on a short-term basis at a specific location or locations to fulfill an urgent need or to serve an educational purpose.	No information has been provided.
ARC 2474B	Further defines the expanded functions for dental assistants and allows a dentist to delegate an expanded function to a dental assistant if the assistant has completed a Board-approved course of training. Nine expanded function are proposed with existing rules specifying only six.	No information has been provided.
ARC 2472B	Rescinds subrule 27.7(8) that recommends removal of restorations or removing said restorations from the nonallergic patient for the alleged purpose of removing toxic substances from the body, when such action is initiated by a dentist is improper and unacceptable treatment regimen. The rule is being rescinding as the Board is concerned that it may not be sufficiently detailed to fully guide dentists in adhering to prior decisions of the Board on the removal of restorations. The Board will take additional time to consider whether a rule is needed to set forth the professional standards for removal of restorations.	No information has been provided.
<b>Department of Public Health Professional Licensure Division</b>		<b>LSA Contact:</b> Lisa Burk (1-7942)
ARC 2483B	Cosmetology arts and sciences examiners. New subrules for the conduct of persons who attend public meetings, notification of a name or address change, issuing a duplicate license, and a new discipline chapter that contains standard language being used by all boards regulated by Professional Licensure.	Minimal fiscal impact due to an estimated \$300 decrease in revenues generated from fees.

<b><u>Rule</u></b>	<b><u>Rule Summary</u></b>	<b><u>Fiscal Impact Analysis</u></b>
ARC 2484B	Hearing aid dispensers examiners. Proposed amendments adopt new subrules for the conduct of persons who attend public meetings, requirements for notifying the Board of a name or address change, criteria for issuing a duplicate license, and a new discipline chapter that contains standard language being used by all boards regulated by Profession Licensure.	Minimal fiscal impact due to an estimated \$100 decrease in revenues generated from fees.
ARC 2485B	Psychology examiners. Proposed amendments adopt new subrules for the conduct of persons who attend public meetings, requirements for notifying the Board of a name or address change, criteria for issuing a duplicate license, and a new discipline chapter that contains standard language being used by all boards regulated by Profession Licensure.	Minimal fiscal impact due to an estimated \$100 decrease in revenues generated from fees.
ARC 2512B	Speech pathology and audiology examiners. Proposed amendments adopt new subrules for the conduct of persons who attend public meetings, requirements for notifying the Board of a name or address change, criteria for issuing a duplicate license, and a new discipline chapter that contains standard language being used by all boards regulated by Profession Licensure.	Minimal fiscal impact due to an estimated \$100 decrease in revenues generated from fees.
<b>Department of Public Safety</b>		<b>LSA Contact:</b> Jennifer Dean (1-7846)
ARC 2488B	Updates current exit requirements in the rules of the State Fire Marshal's Office with new Occupational Safety and Health Administration (OSHA) requirements established in the 2000 edition of the Life Safety Code published by the National Fire Protection Association.	No fiscal impact; brings Fire Marshal's Office rules into compliance with new OSHA exit requirements.
ARC 2487B	March 11, 2003 federal fire safety regulations were changed for facilities providing services subject to reimbursement from Medicare or Medicaid based on compliance with the 2000 edition of the Life Safety Code. This rule change was filed emergency on April 2. As of September 11, 2003, each individual facility providing services under the Medicare and Medicaid programs must be in compliance with applicable provisions of the 2000 edition of the Life Safety Code.	No fiscal impact; amends previously adopted emergency rule changes to comply with federal regulations by September 11, 2003.
ARC 2481B	Emergency rulemaking intended to clarify and update the procedural requirements for certification and operations of evidentiary breath testing equipment.	Minimal fiscal impact; expense mainly for re-titling and reprinting operating manual which is also available to the public on the Public Safety web site.

<b>Rule</b>	<b>Rule Summary</b>	<b>Fiscal Impact Analysis</b>
ARC 2482B	Emergency rulemaking intended to reconcile Division II of 661 Iowa Administrative Code Chapter 8 with amendments to Chapter 692, <u>Iowa Code</u> , which were passed in House File 216 during the 2003 Session.	No fiscal impact; technical correction which allows intelligence agencies to disseminate information to other intelligence agencies or persons.
<b>Department of Revenue and Finance</b>		<b>LSA Contact:</b> Ron Robinson (1-6256)
ARC 2492	Section 421.7, <u>Code of Iowa</u> , requires the Director of the Department of Revenue and Finance to determine the interest rate for each calendar year. The Director has determined that the rate of interest on interest-bearing taxes arising under Title XVI, <u>Code of Iowa</u> , shall be 7.0% for calendar year 2003 (0.6% per month). The Department will also pay interest at the 7.0% on refunds.	The Department has not provided any impact information.
<b>Treasurer of State</b>		<b>LSA Contact:</b> Sam Leto (1-6764)
ARC 2470B	New chapter relating to system for securing certain deposits of public funds in Iowa banks as defined by Section 12C.1, Subsection (2)(a), <u>Iowa Code</u>	No fiscal impact.
<b>Department of Workforce Development</b>		<b>LSA Contact:</b> Russ Trimble (1-4613)
ARC 2469B	Makes technical changes to Unemployment Compensation and increases the cash value of covered expenses such as meals and lodging. The cash value of these expenses, paid for by an employer, are considered part of an employee's wages.	The Department indicates no fiscal impact to them.
<b>Department of Personnel (IPERS)</b>		<b>LSA Contact:</b> Ron Robinson (1-6256)
ARC 2508B	These amendments exclude wages under other special payment arrangements; remove a sunset date for certain rules governing coverage of contributions to Internal Revenue Code Section 125 cafeteria plans; rescind the sub-rule regarding emergency refunds as requests for refunds are processed daily; implement the statutory contribution rates for special service members recommended by IPERS' actuary pursuant to Sections 97B.49B and 97B.49C; <u>Code of Iowa</u> , clarify language relating to IPERS options that include contingent annuitants; allow IPERS to rely on additional resources for proof of date of birth; clarify point of contact for benefit calculations; and clarify information provided to IPERS' actuary for member service purchase cost quotes.	IPERS has not provided any impact information.
ARC 2509B	Clarifies the process for reviewing applications for membership on the IPERS benefits advisory committee.	IPERS has not provided any impact information.



<u>Rule</u>	<u>Rule Summary</u>	<u>Fiscal Impact Analysis</u>
<b>Department of Transportation</b>		<b>LSA Contact:</b> Mary Beth Mellick (1-8223)
ARC 2464B	<p>Makes various technical corrections, including correcting the name of the DOT's contact office for rail matters throughout the amendments. Rescinds subrule 201.5(4), which requires the DOT to publish a newspaper announcement of each complete intermodal project application submitted; addresses submission of approved intermodal projects to the Department of Natural Resources once the Iowa Energy Fund Disbursement Council is dissolved; changes Interstate Commerce Commission to Surface Transportation Board; amends language pertaining to the DOT's approval of a local train speed ordinance or resolution to comply with the Attorney General's opinion; adds language to specify that the DOT does not consider highway-railroad grade crossings or rail lines in certain locations "to be local safety hazards that can be remedied by train speed restrictions"; rewrites rules pertaining to the Highway Grade Crossing Safety Fund to more accurately reflect the way reimbursements of maintenance costs are processed; amends language pertaining to the Highway Grade Crossing Safety Fund to streamline the agreement process and involve the DOT more directly in the final acceptance of repair projects.</p>	<p>The DOT indicates minor fiscal impact to the amendments and stated, "The changes in Item 27 pertaining to the Highway Grade Crossing Safety Fund will involve the DOT more directly in the final acceptance of surface repair projects, thus relieving local jurisdictions from the need to make judgments they may not have the time or experience to make."</p>

Please contact the LSA analyst listed for each rule or Tim Faller (1-4615) if you have any questions.