

MEMORANDUM

TO: Administrative Rules Review Committee
 FROM: Fiscal Services Division, Legislative Services Agency
 DATE: November 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). This memorandum provides an overview of the fiscal impact of the rules presented by the agencies for the November 10, 2003 ARRC meeting.

<u>Rule</u>	<u>Rule Summary</u>	<u>Fiscal Impact Analysis</u>
Administrative Services Department		LSA Contact: Ron Robinson 1-6256
ARC 2885B	These rules describe the methods State agencies will use to acquire goods and services of general use.	These rules describe administrative procedures for State purchasing. No additional expenditures are anticipated as a result of these rules. State agencies and vendors may realize savings through the use of electronic procurement.
Agriculture and Land Stewardship		LSA Contact: Deb Kozel 1-6767
ARC 2887B	Removes rules from the Iowa Organic Program that were removed during the past Legislative Session to comply with federal requirements.	No fiscal impact.
ARC 2873B	Reorganizes the rules for the Horse and Dog Breeding Program and imposes new disciplinary rules for persons disqualified from the Program.	Minimal fiscal impact.
ARC 2871B	Establishes low pathogenic avian influenza as a reportable disease in Iowa and to implement a control program for infected flocks.	Cost to poultry producers is estimated at \$54,000 based on a cost of \$1 per test for 27,000 (equals \$27,000) and \$1 per sample to collect & mail (\$27,000) Sampling includes 20 samples each from 1,000 turkey flocks, 308 egg-type chicken flocks, and 50 broiler chicken flocks.
College Student Aid Commission		LSA Contact: Mary Shipman 1-4617
ARC 2858B	Agency procedure for rule making. Clarification and revision pursuant to Executive Order Number 8.	No fiscal impact.
ARC 2857B	Declaratory orders. Clarification and revision pursuant to Executive Order Number 8.	No fiscal impact.

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ARC 2856B	Due process. Clarification and revision pursuant to Executive Order Number 8.	No fiscal impact.
ARC 2855B	Contested cases. Clarification and revision pursuant to Executive Order Number 8.	No fiscal impact.
ARC 2854B	Public records and fair information practices. Clarification and revision pursuant to Executive Order Number 8.	No fiscal impact.
ARC 2853B	Uniform rules for waivers. Clarification and revision pursuant to Executive Order Number 8.	No fiscal impact.
ARC 2884B	Postsecondary schools approval criteria. Adds and clarifies criteria.	No fiscal impact.
Board of Educational Examiners		LSA Contact: Robin Madison 1-5270
ARC 2881B	Change references to “conditional” licenses in Chapter 15 – the special education chapter – to the new license classifications that were recently approved for Chapter 14 – the general licensure chapter.	No fiscal impact.
Department of Elder Affairs		LSA Contact: Lisa Burk 1-7942
ARC 2904B	Long-term care resident’s advocate/ombudsman	No information has been provided.
ARC 2905B	Resident Advocate Committees	No information has been provided.
Environmental Protection Commission (Department of Natural Resources)		LSA Contact: Deb Kozel 1-6767
ARC 2864B	Adopts federal effluent standards for concentrated animal feeding operations and manufacturers of metal products, machinery, iron, steel, pharmaceutical products, pulp, paper, and paperboard. Adopts new federal Environmental Protection Agency (EPA) test methods for measuring pollutants in wastewater.	The Department of Natural Resources could not determine how many facilities would be affected by the change. Some facilities may have to install or upgrade equipment or controls; however, the number cannot be determined.
ARC 2865B	Provides new loan rules for non-point source water pollution control projects and updates rules for point source control projects. Includes: 1. Removes reference to wastewater construction grants program. 2. Provides financial assistance for non-point source water pollution projects. 3. Consolidates and updates administrative requirements for municipal point and non-point source water pollution control facilities. 4. Provides criteria for ranking and rating point source and non-point source water pollution control facilities. 5. Allows use of State Revolving Fund money for non-point source water pollution control projects: livestock water quality facilities, local water	Additional expenditures include 4.00 FTE positions, including an administrator, clerk, program coordinator, and an information technology person. Approximate cost for the additional FTE positions is \$140,000. Annual cost to agency is: FY 2004: \$449,000 (includes all FTE positions, contract help, and support expenditures). FY 2005: \$462,000 FY 2006: \$471,000 FY 2007: \$486,000 FY 2008: \$502,000 Funding is included the Department’s budget and is from the Sate Revolving Fund.

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	protection projects, onsite wastewater treatment systems, and general nonpoint source projects such as underground storage tanks, wetlands, and other projects in the State Management Plan.	
ARC 2863B	Clarifies financial assurance for closure, post-closure, and corrective actions at municipal solid waste landfills.	No fiscal impact.
Ethics and Campaign Disclosure Board		LSA Contact: Sam Leto 1-6764
ARC 2889B	Prohibits foreign nationals from expending funds in connection with a state or local campaign. This reflects the prohibition in current Federal Election Commission rules.	There is no fiscal impact anticipated.
ARC 2888B	Permits a Board certified non-profit advocacy corporation to make independent expenditures for or against candidates.	There is no fiscal impact anticipated. The rule will apply to only two or three organizations.
Human Rights – Deaf Services Division		LSA Contact: Sam Leto 1-6764
ARC 2890B	Makes technical changes for outdated and obsolete language related to locations, services, and programs. The number of voting Commissioners is changed from 4 to 3. Fees for providing interpreting services are increased.	The fiscal impact is minimal. There is a projected increase in revenues of less than \$4,000 annually.
Department of Human Services		LSA Contact: Sue Lerdal 1-7794, Lisa Burk 1-7942, Jennifer Vermeer 1-4611
ARC 2901B and 2902B	Changes required to comply with confidentiality provisions of the federal Health Insurance Portability and Accountability Act (HIPAA)	The FY 2004 estimated State cost is \$221,000 with an equal match from the federal government. Source of State funds will be a portion of the Medicaid appropriation from the Healthy Iowans Tobacco Trust (HITT) Fund.
ARC 2839B	The amendments make changes to the processes for collecting overpayments in the PROMISE JOBS and <i>hawk-i</i> Programs.	The fiscal impact to the PROMISE JOBS Program is an estimated savings of \$12,000 federal funds due to automation of the demand letters. Cost savings in <i>hawk-i</i> cannot be determined at this time, but would offset increased costs due to recoupment activities. Estimated cost of recoupment is \$4,000 State funds, \$11,000 Federal funds.
ARC 2851B	Changes the date for county application of mental health Risk Pool funds from April 1 to January 25 per SF 458 (FY 2004 Standings and Miscellaneous Appropriations Act). Also specifies that the Risk Pool Board act upon applications by February 25 per the requirement in the SF.	No fiscal impact.
ARC 2850B	Eliminates administrative rules relating to the Mental Illness Special Services Fund. Fiscal Year 2001 was the last year of funding for this Fund.	No fiscal impact.

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ARC 2895B	HF 667, 2003 Iowa Acts rescinds the requirement that a person receiving Home and Community Based Services under a waiver must be discharged from a medical institution immediately before receiving waiver services in order to receive funding from the rent subsidy program. The consumer must now document that they are at risk of placement in a nursing facility.	Minimal fiscal impact. DHS estimates that approximately 2 clients per month would no longer be eligible for the Rent Subsidy Program at an average cost of \$168.44 per month. This would result in an annual state savings of \$49,000.
ARC 2894B	Extends Medicaid coverage for Expanded Specified Low-Income Medicare Beneficiaries (E-SLMB) for six months. This group was originally scheduled to expire 9/30/03, but was extended by H.R. 3146 through 3/31/04.	E-SLMBs are 100% federally funded. Fiscal impact of \$624,000 federal funds for the additional six months of coverage.
ARC 2898B	As required by HF 489, increases Medicaid premiums by 10% for Employed Persons with Disabilities (MEPD) group with gross income over 150% of the Federal Poverty Level, consistent with increases in state employee health insurance premiums. Also adds additional increments to the sliding fee scale.	Estimated increase in state General Fund revenues of \$12,000.
ARC 2846B	As required by HF 479 (Advanced Registered Nurse Practitioners (ARNP)), the amendments allow ARNPs to serve as MediPass patient managers.	DHS has agreed to collect data to estimate cost savings. Fiscal impact cannot be determined at this time.
ARC 2903B	Adds the <i>hawk-i</i> application as a valid application for Medicaid.	No fiscal impact.
ARC 2845B	Implements HF 387 (MR Waiver Beds), which reinstates the waiver of licensure for certain facilities and provides criteria for approval of 5-bed facilities. Also, implements HF 560 (Waiver Parents to Family Members), which adds 3 services (prevocational, transportation and adult day care) under the Mental Retardation Medicaid Waiver.	No estimated fiscal impact related to HF 387. The estimated fiscal impact related to HF 560 is a state cost of \$900,000 and estimated savings to the counties ranging from \$10 to \$25 million. These 3 services are currently 100% county funded and will now receive 2/3 federal matching funds, for a net savings. These estimates are consistent with the fiscal note for HF 560.
ARC 2844B	<p>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 (FY 2004 Health and Human Services Appropriations Act).</p> <p>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.</p>	<p>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. These savings have already been deducted from the FY 2004 Medicaid appropriation. These savings are offset by increased costs of \$55,000 State funds in FY 2003, and \$13,000 State funds in FY 2004 for contracted services and programming changes.</p> <p>The rule will not be implemented until Federal approval is received. When it is implemented it will be retroactive to July 1, 2003 to meet the budgeted amount. DHS has received questions from CMS on the</p>

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		State Plan Amendment and is in the process of preparing a response.
ARC 2843B	Adds supplemental payments for physician services at qualifying hospitals. Requires qualifying hospitals to transfer the supplemental funds to the Department through an intergovernmental transfer, and requires the Department to deposit the funds in the Medicaid Assistance account. These changes are required by HF 619 (Medicaid Cost Containment).	Estimated to result in a net state savings \$13.5 million. These savings have already been deducted from the FY 2004 Medicaid appropriation. The estimate is consistent with the 2003 session fiscal note on HF 619. DHS has received questions from CMS on the State Plan Amendment and is in the process of preparing a response.
ARC 2899B	Updates Medicaid policies for hospitals that receive Graduate Medical Education and Disproportionate Share Fund payments.	No fiscal impact.
ARC 2841B	Amends Medicaid reimbursement for prescription drugs. These changes are required by HF 619: 1. Decreases the pharmacy dispensing fee from \$5.17 to \$4.26. 2. Decreases drug ingredient reimbursement from Average Wholesale Price (AWP) minus 10% to AWP minus 12%. 3. Adjusts the multiplier used in the State Maximum Allowable Cost calculation from 2.1 to 1.4. 4. Adds pharmacy reporting requirements related to information used in revising reimbursement rates.	The following savings estimates are consistent with the 2003 session fiscal note on HF 619. The savings have already been deducted from the FY 2004 Medicaid appropriation. The estimated state savings include: 1. Dispensing fee - \$2,188,078; 2. AWP - \$2,042,350; 3. State Maximum Allowable Cost - \$904,225. 4. There may be increased costs to pharmacies due to the reporting requirements. These costs cannot be determined.
ARC 2842B	Increases co-payment on prescription drugs to the federal maximum (ranging from \$0.50 to \$3.00 depending on the price of the prescription) and adds a \$3 co-payment on physician visits. These changes are required by HF 619.	The estimated state savings from increased prescription drug co-payments are \$849,000. The estimated state savings from the physician co-payments are \$321,000. These estimates are slightly higher than the 2003 session fiscal note on HF 619, but are very similar. The savings have already been deducted from the FY 2004 Medicaid appropriation.
ARC 2892B	Establishes a process for the electronic filing of applications for the <i>hawk-i</i> program. Clarifies that only the income of family members living together is considered in eligibility determination for <i>hawk-i</i> . Clarifies that the parent with physical custody of a child may apply for that child.	Fiscal impact of \$7,000 State funds and \$22,000 federal funds to maintain the server used to download the applications.
ARC 2840B	Extends the parental obligation pilot projects and incentives until October 1, 2006.	No fiscal impact. This continues a current initiative, which is already funded in the Family Investment Program budget.
ARC2949B	The proposed amendments change child care licensing and registration requirements on criminal and child abuse record checks to conform to statutory changes. The amendments also define transgressions that may prohibit a person's	No fiscal impact.

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	involvement with child care, or may require an evaluation by the DHS that requires a plan of correction and periodic reevaluation of a prohibition.	
ARC 2900B	Makes various changes to the Adoption Subsidy Program and Child Care Assistance as recommended by the Adoption Subsidy Work Group.	<p>Net fiscal impact is a savings to the State of \$433,000 in FY 2004. This includes:</p> <ul style="list-style-type: none"> • An increase in the number of families qualifying for child care assistance of 10.0%, or 90 children, for a cost of \$318,000 (100% federal funds). • The shift from adoption subsidy to child care assistance results in a savings in the adoption subsidy program of \$164,000 in State funds. • Changes to the definition of a special needs child are estimated to save \$242,000 in State funds. • Changes specifying a maximum child care rate when subsidy funds are used is estimated to save \$261,000 in State funds. • Establishing a maximum attorney fee and legal costs is estimated to save \$85,000.
ARC 2848B	Continues FY 2003 reimbursement rates for purchase of service providers and rehabilitative treatment and support services for FY 2004.	No fiscal impact.
ARC 2893B	Amendments define how the sanction for a child care provider fraud will be determined. The DHS will impose a sanction when an administrative or judicial hearing finds that a child care provider had fraudulently obtained \$1,000 or more in child care assistance payments.	<p>No fiscal impact.</p> <p>Implements SF 351 (Child Care Protections Act) passed during the 2003 Legislative Session.</p>
ARC 2847B	<p>Under these rules, families with medically incapacitated parents may be eligible for child care assistance.</p> <p>Also, families receiving a State adoption subsidy are exempt from a waiting list provision.</p>	<p>No fiscal impact.</p> <p>Minimal fiscal impact as the DHS does not have many adoptive families receiving child care assistance and currently does not have a waiting list for child care services.</p> <p>Implements SF 351 (Child Care Protections Act) passed during the 2003 Legislative Session.</p>
ARC 2896B	As required by SF 416 (Dependent Adult Abuse Shelters) and HF 558 (Child Protection Act), amends the form for dependent adult abuse reports, requires the DHS to maintain unfounded reports for one year, and expands access to adult abuse information for entities involved in	No fiscal impact.

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ARC 2897B	<p>investigation.</p> <p>As required by HF 667 (FY 2004 Health and Human Services Appropriations Act) extends the voluntary foster care placement for a child from 30 days to 90 days.</p>	No fiscal impact.
Inspections and Appeals Department		LSA Contact: Doug Wulf 1-3250
ARC 2862B	Allows certain non-profit organizations (such as nursing homes) to play bingo games without a license if there is no charge to the participants to enter the facility or play the game, the prizes are donated, and it is not a fund raising event.	No fiscal impact.
ARC 2912B	Implements the provisions of House File 594 (Electrical and Mechanical Amusement Devices Act) and requires the regulation and licensing of each amusement device and the registration of manufacturers, manufacturer's representatives and distributors, and provides for penalties.	<p>No General Fund impact. Fees collected are to be deposited into a separate fund for use by the departments to pay the costs of regulation.</p> <p>The DIA estimates that implementation of the rules will cost approximately \$72,000 in FY 2004 and \$45,000 in FY 2005. The increased cost for DIA includes 1.0 FTE position and necessary computer equipment and software to establish and maintain an online registration system.</p> <p>The Department of Public Safety has estimated it will need 2.0 FTE positions to enforce these rules at an estimated cost of \$177,000 in FY 2004 and \$144,000 for FY 2005.</p> <p>Receipts of an estimated \$468,000 will be generated each year from fees charged to:</p> <ul style="list-style-type: none"> • Manufacturers, manufacturer's representatives and distributors will be subject to an annual registration fee of \$2,500 (\$118,000). • Owners/operators of amusement devices are required to obtain an annual registration tag for each device at a cost of \$25 per device (\$250,000 - \$450,000).
ARC 2826B	The proposed amendments provide that long-term care facilities cannot restrict medications obtained by residents to only those that meet the facility's drug distribution system requirements.	<p>We are unable to estimate the impact of this rule change due to the multiple factors impacting costs and savings. The following are issues to consider in weighing the fiscal impact:</p> <ol style="list-style-type: none"> 1. Nursing home residents would be able to achieve savings in the cost of purchasing prescription drugs. This provides a savings to the resident and to the Medicaid program.

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		<ol style="list-style-type: none"> 2. Nursing homes will need to develop procedures for administering these drugs as it may not be possible to use their standard unit dose system. 3. Administration of bulk medications is more costly in terms of nursing staff time and medication errors. 4. Any increased costs would likely be passed on to residents and the Medicaid program. 5. It is unknown how many residents will access medications from another source. There is little incentive, however, for Medicaid clients to seek alternative sources for medications. 6. It is unknown whether any cost increase would be greater or less than the savings achieved.
Insurance Division (Commerce Dept.)		LSA Contact: Ron Robinson 1-6256
ARC 2861B	This amendment removes the restrictions on limits for deductibles and coinsurance charges on health services as a percentage of total premiums.	No fiscal impact.
Department of Management		LSA Contact: Ron Robinson 1-6256
ARC 2872B	These rules establish the procedures used by the Local Government Innovation Fund Committee for application review and grant and loan awards and ensure that the proceedings of the Committee are conducted in an orderly manner.	While the Department has not provided a fiscal impact statement, the rules do not appear to have a fiscal impact.
Medical Examiners Board (Dept. Public Health)		LSA Contact: Lisa Burk 1-7942
ARC 2870B	<p>Amendments update “foreign medical school” to “international medical school,” and the “Directory of World Health Organization” to the “International Medical Education Directory.”</p> <p>In addition, an amendment clarifies the Board’s position on Board-approved resident training programs in the State.</p>	<p>No fiscal impact.</p> <p>No fiscal impact.</p>
ARC 2869B	The proposed amendment provides the process for Board referrals to the Iowa Physician Health Program, the Board’s license review committee, in accordance with HF 641.	No fiscal impact.
Natural Resource Commission (Dept. Natural Resources)		LSA Contact: Deb Kozel 1-6767
ARC 2911B	<p>Implements the following related to grants awarded under the Resource Enhancement and Protection (REAP) Fund:</p> <ol style="list-style-type: none"> 1. Entities receiving REAP grants must be 	Minimal fiscal impact.

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	<p>involved in public communication about REAP and the specific project.</p> <p>2. The County Resources Enhancement Committee must review and comment on REAP Private Cost-Sharing Program grants.</p> <p>3. Replaces the Iowa Open Spaces Plan with the State Comprehensive Outdoor Recreation Plan.</p>	
ARC 2910B	Allows nonresidents to purchase an antlerless deer license at a reduced price of \$50 to hunt during the period of December 15 through January 2.	There will be an increase in revenue to the Fish and Wildlife Trust Fund, however, it is estimated to be less than \$100,000. That would be less than 2,000 licenses sold.
ARC 2909B	Defines "block hunt" in the resident deer hunting rules.	No fiscal impact.
Department of Personnel		LSA Contact: Ron Robinson 1-6256
ARC 2875B	The proposed amendments limit the lump sum death benefit to the Internal Revenue Code maximum amount; streamline procedures for locating and paying the death benefit to a deceased member's heirs-at-law; align the refund rules with the retirement rules with respect to required periods of severance for certain elected officials; define the period for which retroactive payments may be paid for regular disability applicants; eliminate the restoration of wage records by quarters for refund buy-backs; define the time period for valid cost quotes for service purchases; delineate the responsibilities and procedures for obtaining service purchase cost quotes; eliminate special procedures for refund buy-backs; and make minor changes as prescribed by the legislature.	<p>No fiscal impact to the State.</p> <p>The rule impacting the lump sum death benefits for all deaths occurring after January 14, 2003, is being adopted primarily to protect IPERS' tax qualified status under the federal Internal Revenue Code. The amendment does not have an actuarially significant fiscal impact on the system. However, it will be of some significance to affected IPERS beneficiaries and will be a cost savings item for the IPERS system. If the proposed amendment had been in effect for pre-retirement deaths beginning in January 2003, the 100x limit would have reduced IPERS death benefit payments by an amount in excess of \$1.8 million.</p>
Professional Licensure Division (Dept. Public Health)		LSA Contact: Lisa Burk 1-7942
ARC 2859B	Amendments adopt new subrules for the conduct of persons who attend public meetings, adopt criteria for issuing a duplicate or re-issued license certificate or wallet card, and adopt a new discipline chapter. The proposed amendments also revise the requirements for notifying the Board of a name or address change and revise procedures for license renewal.	Minimal fiscal impact.
ARC 2891B	Revises continuing education requirements to include six hours of continuing education in the area of conscious sedation if the podiatrist utilizes conscious sedation.	Minimal fiscal impact as the amendment does not increase the amount of required continuing education hours.
ARC 2860B	Amendments adopt new subrules for the conduct of persons who attend public meetings, adopt criteria for issuing a duplicate or re-issued license certificate or	Minimal fiscal impact.

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	wallet card, and adopt a new discipline chapter. The proposed amendments also revise the requirements for notifying the Board of a name or address change and revise procedures for license renewal that include mandatory reporting training requirements for child and dependent adult abuse.	
Department of Public Safety		LSA Contact: Jennifer Acton 1-7846
ARC 2852B	This rule would replace current exit requirements in the Fire Marshal rules with Chapter 7, Means of Egress from the 2000 edition of the Life Safety Code.	No fiscal impact. This rule would replace the current exit requirements in the Fire Marshal rules, which were last updated in 1992.
ARC 2886B	This adoption of the rule would replace the 1985 Life Safety Code edition to the 2000 Life Safety Code edition in order to meet the new requirements of the federal Center for Medicaid and Medicare Services for health care facilities eligible for Medicaid or Medicare reimbursement.	No fiscal impact. However, the rule states that as of September 11, 2003, all facilities should be compliant with the 2000 Life Safety Code. If written up for noncompliance, a facility has within a certain time period to become compliant and a certificate of occupancy is issued by the Fire Marshal's Office based upon this compliance. A facility denied a certificate due to noncompliance would become ineligible for Medicaid and Medicare reimbursement and be unable to operate legally in Iowa.
Revenue Department		LSA Contact: Ron Robinson 1-6256
ARC 2876B	This rule provides for the endow Iowa tax credit for individual income, corporation income, and franchise tax for endowment gifts to a qualified community foundation. This implements 2003 Iowa Acts, HF 683 (Iowa Values Fund).	General Fund revenues will be reduced by \$2.0 million (Section 21 of HF 683 capped the amount of tax credits at \$2.0 million). This credit cannot be authorized after December 31, 2005, so the fiscal impact will be primarily for the FY 2004, FY 2005 and FY 2006 periods. Processing these tax credits due to this legislative change are part of the normal job duties of the Department. Individual income, corporation income and franchise taxpayers will be impacted by the rule, and they should benefit from the additional guidance in these rules.
ARC 2877B	This rule provides for contingent tax credits for investments in the Iowa Fund of Funds as required by 2002 Iowa Acts, HF 2078 (Iowa Capital Formation and Venture Capital Act). This rule also provides that an individual taxed on income from a revocable trust can qualify for the tax credit for an investment in a qualifying business as required by 2003 Iowa Acts, SF 458 (FY 2004 Standing	The administrative cost of HF 2078 to the Department will not exceed \$100,000 over ten years. The Iowa Capital Investment Board and the Iowa Capital Investment Corporation will not have any fiscal impact on State finances since all expenses will be paid from administrative fees charged against the invested funds. There will be no cost regarding SF 458 since processing these tax credits are part

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ARC 2878B	<p>Appropriations Act).</p> <p>These amendments are proposed as a result of 2003 Iowa Acts, House File 689 (Ethanol Tax Credits). The Act relates to the Ethanol Blended Gasoline Tax Credit created by the 2003 General Assembly (see SF 716 or Chapter 123, 2001 Iowa Acts).</p>	<p>of the normal job duties of the Department.</p> <p>General fund revenues will be reduced in FY 2004 by \$45,000. Processing refunds due to this legislative change are part of the normal job duties of the Department.</p> <p>Individual and corporation income taxpayers will be impacted by the rule, and they should benefit from the additional guidance in these rules.</p>
ARC 2879B	<ol style="list-style-type: none"> 1. Provides that, to the extent that any preferences or adjustments for alternative minimum tax are determined by an individual's adjusted gross income, the adjusted gross income must be computed without regard to the additional first-year depreciation allowance set forth in Section 168(k) of the Internal Revenue Code. 2. Provides that the additional first-year depreciation allowance (special 30 percent bonus depreciation) set forth in Section 168(k) of the Internal Revenue Code does not apply for individual income tax. 3. Provides that, to the extent any itemized deductions are determined by an individual's adjusted gross income, the adjusted gross income must be computed without regard to the additional first-year depreciation allowance set forth in Section 168(k) of the Internal Revenue Code. 4. Includes federal revisions made in 2002 in the research activities credit for individuals. 5. Amends the research activities credit for corporations and the research activities credit for increasing research activities in a quality job enterprise zone. The amendments show that the Department has adopted 2002 federal income tax changes which might impact the calculation of the Iowa research activities credit. 6. Amends the implementation clauses regarding the research activities credit for research activities conducted by an eligible business and for the research activities credit conducted in an enterprise zone. The amendments show that those research activities credits are to be computed with changes in the federal research credit that occurred in the 2002 calendar year. 	<p>The department does not believe a fiscal impact statement should be provided for adopted rules. The LSA instructions request agencies provide a statement for all rules.</p>

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	<p>7. Adds a provision that the additional first-year depreciation allowance (special 30 percent bonus depreciation) set forth in Section 168(k) of the Internal Revenue Code does not apply for corporation income tax.</p> <p>8. Provides that the additional first-year depreciation allowance (special 30 percent bonus depreciation) set forth in Section 168(k) of the Internal Revenue Code does not apply for franchise tax.</p>	
ARC 2907B	The rule increases the severity of the penalties on retailers found in violation of selling cigarettes or tobacco products to minors.	<p>No fiscal impact to the State.</p> <p>Retailers in violation of cigarette sales to minors will be required to pay stiffer penalties or have its' permit suspended.</p>
ARC 2908B	The rules makes changes in the stock and debt, income, and cost approaches to value that are used by the department in establishing utility company assessments for property tax purposes. The changes remove references to the valuation of electric and gas companies.	<p>No fiscal impact to the State.</p> <p>Initially, the property tax assessments for these utility companies will decrease as will the amount of property taxes these companies pay to local governments. However, it is intended that these companies will use the tax savings to build more operating plants in Iowa with the result that future property tax assessments for these companies will increase as will the tax base for the local governments.</p>
Department of Transportation		LSA Analyst: Mary Beth Mellick 1-8223
ARC 2868B	Implements Department policy concerning the use of the Iowa transportation map.	No fiscal impact.
ARC 2837B	New rules apply to utility facilities occupying primary highway right-of-way, including increasing fees for utility facility attachments to bridges and longitudinal occupancy of freeway right-of-way.	<p><u>Bridge attachments:</u> Primary Road Fund: A net revenue increase of \$5,200 in the first year, up to a net revenue increase of \$6,500 in the fifth year.</p> <p><u>Longitudinal freeway installations:</u> Living Roadway Trust Fund: A net revenue increase of \$54,000 in the first year, up to a net revenue increase of \$72,000 in the fifth year.</p>
ARC 2836B	Amends requirements relating to county conservation parks to require a park to have "as its primary purposes outdoor recreation and nature appreciation." The effect of the amendment is that more county conservation parks will qualify for the "arrowhead" logo type of sign. The amendment is intended to provide consistency with the requirements used to install similar signs on county roads.	No fiscal impact. The number of signs installed is not anticipated to change. Currently, if a county conservation area does not qualify for "arrowhead" signs, traditional brown and white destination signs are installed. Signs on primary roads for county conservation parks are furnished by the counties.
ARC 2866B	Allows the Office of Motor Carrier Services to maintain, in electronic form, all records required under Chapter 500 to the fullest	No fiscal impact. The proposed rule will reduce the cost of filing, storing, and maintaining paper records, and will enable

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	extent possible.	existing workload to be accomplished more efficiently.
ARC 2867B	Amends rule 520.1 to adopt federal rules and regulations that will allow the Department of Transportation (DOT) to conduct safety audits of new motor carriers, and to extend hours-of-service regulations of motor vehicle enforcement. Also adopts rule 520.5 to clarify the authority of the DOT's Office of Motor Vehicle Enforcement to conduct the safety audits.	No fiscal impact. Current staff will absorb additional costs for safety audits. The Office of Motor Vehicle Enforcement estimates that it will perform 600 audits per year, at four hours per audit, at \$23.75 per hour, for a total increase in expenditures of approximately \$57,000 per year. Costs will be reimbursed with federal funds, and deposited into the Road Use Tax Fund and Primary Road Fund.
Utilities' Division (Dept. of Commerce)		LSA Analyst: Ron Robinson 1-6256
ARC 2883B	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.	Fiscal impact cannot be determined. Until the Board approves rates that include capital infrastructure investment and cost of capital changes, the impact of the rate increase on State revenues cannot be determined.
ARC 2882B	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.	No fiscal impact to the State. There should be no fiscal impact on utilities or companies transporting gas. The proposed amendments either rescind outdated provisions or clarify existing provisions.
Iowa Veterans Home		LSA Analyst: Sue Lerdal 1-7794
ARC 2874B	Reflects changes made by the Home in March without Committee approval regarding: 1. Increasing the asset limit of residents from \$1,400 to \$2,000. 2. Resident Medicaid client participation to be paid for hospitalized days. 3. Distribute resident account interest monthly in lieu of quarterly. 4. Increases the personal needs allowance for residents from \$90 per month to \$120 per month.	1. The Home annual revenues will decrease \$44,000. 2. The Home was unable to provide information necessary to assist in the calculation of cost. The Home indicates the rule reflects common practice and the number of residents and days hospitalized is not possible to estimate. Losses to the Home would not be replaced by other funds. 3. No fiscal impact. 4. With 700 residents this will result in a annual revenue loss of \$252,000. The Medicaid Program will not replace lost funds from those eligible for Medicaid.
Department of Workforce Development		LSA Analyst: Russ Trimble 1-4613
ARC 2880B	Amends chapters relating to Benefit Payment Control and Public Records and Fair Information Practices. Makes corrections that were identified as a result of reviews conducted in accordance with Executive Order Number 8.	No information has been provided.

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

<u>Rule</u>	<u>Rule Summary</u>	<u>Fiscal Impact Analysis</u>
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