

MEMORANDUM

TO: Administrative Rules Review Committee
 FROM: Fiscal Services Division, Legislative Services Agency
 DATE: December 4, 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 December 9, 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 2936B	Consolidates uniform rules on public records and fair information practices by rescinding chapters adopted by the former Departments of General Services, Personnel, and Information technology that now comprise the DAS.	No fiscal impact.
ARC 2950B ARC 2951B ARC 2952B	Converts uniform rules on petitions for rule making, agency procedure for rule making and declaratory orders from the former departments of General Services, Personnel, Information Technology and the accounting function of the Department of Revenue and Finance, now the DAS.	No fiscal impact.
ARC 2938B	Consolidates uniform rules on waivers and variances from the former departments of General Services, Personnel, and Information Technology, that now comprise the DAS.	No fiscal impact.
ARC 2947B	Implements HF 534 (Department of Administrative Services Act), transferring rules from the former Department of Information Technology to the new DAS.	No fiscal impact.
ARC 2946B	Transfers rules regarding human resources definitions to the new agency identification number 11 for the new DAS.	No fiscal impact.
ARC 2949B	Transfers four chapters of personnel rules to the new agency identification number 11 for the new DAS. Amendments have clarified the time period for scheduling a classification appeal, deleted the sub-rule concerning eligibility for "protection occupation" coverage within the Iowa	No fiscal impact.

<u>Rule</u>	<u>Rule Summary</u>	<u>Fiscal Impact Analysis</u>
	Public Employees Retirement System, and sub rules distinguishing between actions relating to a failure of an employee to maintain a required license or certificate and a discharge for cause are renumbered.	
ARC 2934B	Transfers personnel rules regarding employee leave to the new agency identification number 11 for the new DAS. The single policy change effects when approval of an intermittent or reduced work schedule for an employee on Family and Medical Leave is at the discretion of the appointing authority and when approval is mandatory.	No fiscal impact.
ARC 2937B	<p>Changes are proposed to rules on group insurance benefits to delete outdated information and to conform the rules to current contracting practices. Language regarding organized delivery systems (ODS) is deleted since the State no longer contracts with an ODS. A rule was added to clarify when employees become eligible for benefits.</p> <p>Conforms Deferred Compensation rules to the federal Economic Growth and Tax Relief Reconciliation Act of 2001 and HF 534 (Department of Administrative Services Act), section 69. Some duplicative language is deleted. The most significant changes allow more flexibility in distribution options and to allow the State to market its plan available to other governmental entities.</p> <p>A rule was added to allow reimbursement for temporary living expenses. The rule on moving expenses was modified to bring it into compliance with the policy by allowing for reimbursement for promotions but not transfers.</p> <p>Proposed changes in the tax-sheltered annuities section will conform the plan to the federal Economic Growth and Tax Relief Reconciliation Act of 2001 and make minor changes to clarify current enrollment and change practices.</p> <p>Minor changes were made in the Dependent care, pretax program, and health flexible spending account sections to clarify coverage upon termination of employment and to standardize language.</p>	No fiscal impact.
ARC 2935B	Transfers rules on the Combined	No fiscal impact.

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	Charitable Campaign to the new agency identification number 11 for the new DAS. In addition, extends the solicitation period end date from September 30 to October 31 and specifies that applications from charities to participate in the campaign shall be submitted to the Campaign Administrator prior to the publicized due date instead of by the previous February 1st annual deadline.	
ARC 2948B	Converts chapters from the authority of the former Department of General Services to the new DAS.	No fiscal impact.
ARC 2885B	<p>Provide a system of uniform standards and specifications for purchasing all equipment, supplies and services by the DAS for State agencies. Current rules are simplified and reorganized from three chapters into one.</p> <p>The proposed rules do not make substantive changes to State policy for competitive procurement methods, standard contract requirements, agency guidelines, or vendor responsibilities and rights, with the following exceptions:</p> <ol style="list-style-type: none"> 1. Additional methods of competitive selection are allowed, such as a best and final offer process, reverse auction and vendor prequalification. 2. A definition of “responsible bidder” is added for use in a vendor selection process when price is not the only consideration. 3. Rules relating to the procurement of architectural and engineering services have been added. 4. Effective July 1, 2004, the threshold for direct agency purchasing will increase from \$2500 to \$5000. 5. New rules support implementation of electronic procurement and an on-line vendor system that will streamline agency processes, reduce paperwork, and provide vendors the means to electronically conduct business with the state. The rules eliminate requirements for the use of paper forms. 	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 certain savings through the use of electronic procurement.
Agriculture and Land Stewardship		LSA Contact: Deb Kozel 1-6767
ARC 2976B	<ol style="list-style-type: none"> 1. Changes the regulation of whitetail deer hunting preserves from the Department of Natural Resources to the Department of Agriculture and Land Stewardship. 2. Facilities currently under license are not 	Deer Hunting Preserves Revenue: There are six whitetail deer hunting preserves in Iowa paying \$1,000 fee resulting in \$6,000 in revenue per year.

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	<p>required to pay for a new license.</p> <p>3. Chronic Wasting Disease Program will include farm deer, whitetail deer, and mule tail deer. Whitetail hunting preserves will be required to test a portion of their harvested animals for the Disease.</p> <p>4. Farm deer processed at an Iowa inspected facility are subject to inspection costs.</p>	<p>Farm Deer Registration Revenue: There are 300 farm deer breeders in Iowa that will pay a \$100 fee for revenue of \$30,000 per year. Additional revenue will be raised from the fence inspection fees, however, no estimate is available at this time.</p> <p>Chronic Wasting Disease Program Fees: 1. There are 150 participants paying \$100 for total revenue of \$15,000. 2. Department veterinarian inspections are \$30,000. 3. Private veterinarian inspections are \$30,000. 3. Meat and Poultry slaughter inspections are \$18,000. 4. Fees for shipping samples are \$2,500.</p> <p>Program Expenditures: The Department expenditures of \$102,000 are for: Administrative Staff \$57,000 Animal Veterinarians \$24,000 Meat and Poultry Inspectors \$11,000 Office supplies and expenditures \$5,000 Travel expenditures \$5,000</p>
ARC 2958B	Eliminates rules related to packaging, labeling, and selling sorghum in the <u>Iowa Administrative Code</u> .	No fiscal impact
ARC 2957B	Requires feeder pig dealers to supply a bond or an irrevocable letter of credit as a secured asset for the recovery of damages incurred by a feeder pig purchaser who suffers damages from sick or diseased pigs. The bond amount is set on a sliding scale based upon the volume of sales by the feeder pig dealer.	<p>Minimal fiscal impact to the Department as this requirement is already in place.</p> <p>Iowa has 77 licensed feeder pig dealers, however, the cost of compliance cannot be determined. Most dealers will rely upon irrevocable letters of credit rather than a bond. The cost of these will vary and will depend upon the financial assets of the feeder pig dealer and their relationship with the financial institution.</p> <p>Another concern is that some feeder pig dealers may refuse to comply and force compliance actions, particularly out-of-state dealers who do business in Iowa.</p>
Dental Examiners Board (Dept. Public Health)		LSA Contact: Lisa Burk 1-7942
ARC 2919B	Specifies eligibility criteria for graduates of foreign dental schools to apply for a dental license in Iowa.	Minimal fiscal impact. It is unknown how many graduates of foreign dental schools are eligible to apply. There are only six supplemental education programs in the U.S. that fulfill the criteria of the rules. Application fees support licensure costs.

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		Dental licensure by exam application fee is \$100 and dental licensure by credentials application fee is \$275.																														
ARC 2918B	Clarifies Impaired Practitioner Review Committee requirements and seeks to expand eligibility for the Committee.	Minimal fiscal impact. It is unknown how many new participants may self-report. There are currently 13 participants in the Program, which will not be affected by the amendments. The amendments provide for recouping the cost of program participation, which is less expense than disciplinary action that involves attorney and administrative law judge costs, witness fees, and board per diems. Licensees who enter into informal settlements to resolve disciplinary matters already pay for monitoring costs.																														
Department of Economic Development		LSA Contact: Russ Trimble 1-4613																														
ARC 2915B	Implements the "New Capital Investment Program" authorized by 2003 Iowa Acts, House File 677. The rules establish application procedures and evaluation criteria, detail the tax benefits available to approved businesses and establish the contractual and compliance components of the program.	<p>The creation of the New Capital Investment Program with a \$1.0 million capital investment requirement will result in the issuance of tax refunds and tax credits worth \$7.6 million per year, beginning in FY 2004, and redemption of those credits and refunds beginning in FY 2005. The projected impact by fiscal year is:</p> <ul style="list-style-type: none"> • \$2.7 million – FY 2005 • \$4.3 million – FY 2006 • \$6.0 million – FY 2007 • \$7.6 million – FY 2008 and beyond. <p>In addition, expenses of the Department of Economic Development will increase \$57,000 per year, beginning in FY 2004.</p>																														
ARC 2916B	Implements the University Based Research Utilization Program as authorized by HF 692 (FY 2004 Taxation Changes, Grow Iowa Values, and Regulatory Reform Act) and HF683 (FY 2004 Grow Iowa Values Fund Act). Establishes application and award procedures and describes the tax benefits available for participants.	<p>Assumptions:</p> <ol style="list-style-type: none"> 1. Each fiscal year, three applicants will be approved for the program. One of the applicants will have sufficient Iowa income tax liability to fully utilize the tax credits over five years and the other two will utilize less than the maximum. 2. Once issued, all credits will be utilized by the applicant (the applicant will continue to be profitable). <p>Fiscal Impact:</p> <table border="1" data-bbox="922 1659 1422 1785"> <thead> <tr> <th></th> <th>Company Tax Credits</th> <th>Univ. Employee Tax Credits</th> <th>Univ. Standing Approp.</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>FY 05</td> <td>\$ 60,000</td> <td>\$ 20,000</td> <td>\$ -</td> <td>\$ 80,000</td> </tr> <tr> <td>FY 06</td> <td>\$ 525,000</td> <td>\$ 175,000</td> <td>\$ 60,000</td> <td>\$ 760,000</td> </tr> <tr> <td>FY 07</td> <td>\$ 650,000</td> <td>\$ 217,000</td> <td>\$ 525,000</td> <td>\$ 1,392,000</td> </tr> <tr> <td>FY 08</td> <td>\$ 1,000,000</td> <td>\$ 333,000</td> <td>\$ 650,000</td> <td>\$ 1,983,000</td> </tr> <tr> <td>FY 09</td> <td>\$ 1,275,000</td> <td>\$ 425,000</td> <td>\$ 1,000,000</td> <td>\$ 2,700,000</td> </tr> </tbody> </table> <p>The maximum allowable tax credits for FY 2005 is \$2.0 million. For FY 2006 and</p>		Company Tax Credits	Univ. Employee Tax Credits	Univ. Standing Approp.	Total	FY 05	\$ 60,000	\$ 20,000	\$ -	\$ 80,000	FY 06	\$ 525,000	\$ 175,000	\$ 60,000	\$ 760,000	FY 07	\$ 650,000	\$ 217,000	\$ 525,000	\$ 1,392,000	FY 08	\$ 1,000,000	\$ 333,000	\$ 650,000	\$ 1,983,000	FY 09	\$ 1,275,000	\$ 425,000	\$ 1,000,000	\$ 2,700,000
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		succeeding fiscal years the maximum allowable tax credits is \$10.0 million each year.
Board of Educational Examiners		LSA Contact: Robin Madison 1-5270
ARC 2931B	The proposed changes combine the elementary and secondary principal endorsements into one K-12 endorsement, available without regard to grade level teaching experience. Competencies for the supervisor of special education endorsement are also specified.	No fiscal impact to the State. The impact to teacher preparation institutions cannot be determined, but it is likely to be minimal. Combining the elementary and secondary programs should allow for more efficiency.
ARC 2930B	The proposed changes modify the requirements for the paraeducator certificate to clarify required competencies and add School Library Media—PK-12 as a new area of concentration.	No fiscal impact to the State. Individuals seeking the certificate or new area of concentration would assume costs associated with completing the requirements.
ARC 2929B	New rules to implement a requirement in HF 549 that school districts, area education agencies, and nonpublic schools report to the Board of Educational Examiners the non-renewal or termination of an employee's contract for reasons of alleged or actual sexual misconduct or the resignation of a teacher as a result of or following such an incident or allegation.	The potential fiscal impact is less than \$100,000 annually. The Board may incur additional costs as a result of increases in the number of misconduct cases requiring investigation or the number of hearings before a law judge or board panel. The Board may need to hire an additional part-time or full-time investigator within a year of implementing the new rules.
Emergency Management Division		LSA Contact: Jennifer Acton 1-7846
ARC 2922B	One of the duties and responsibilities of local emergency management commissions is to develop, adopt, and file by printed copy the State and federally required emergency management plans as listed in Section 29C.8, <u>Code of Iowa</u> .	Minimal fiscal impact. This rule formalizes a process that is currently being carried out by the Division. Additional printing costs are estimated not to exceed \$2,000 annually statewide. Federal funds are also available for any associated costs.
Environmental Protection Commission (Department of Natural Resources)		LSA Contact: Deb Kozel 1-6767
ARC 2923B	Manure Applicator Certification Program: 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. Currently this is \$25 for classroom instruction or for testing services. Confinement applicators must pay the annual educational fee. 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.	There will be an increase in revenue to the DNR ranging between \$95,000 and \$175,000 beginning in FY 2004. It is difficult to estimate as the number of Commercial Manure Services, Representatives, and Confinement Applicators is unknown. Expenditures include: Central Office = \$20,000 per year Field Office Testing = 5,000 per year Classroom Training = 140,000 per year
ARC 2925B	Provides reference to enforcement	No fiscal impact to tire storage and

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	authority and penalties for non-compliance with regards to the Waste Tire Management Program.	processing facilities that operate as required by law. Those not operating in accordance with the law are subject to penalties.
Ethics and Campaign Disclosure Board		LSA Contact: Sam Leto 1-6764
ARC 2971B	Clarifies the definitions of “committee”, “candidate”, and “ballot issue”, terms used in the campaign laws.	No fiscal impact.
ARC 2968B	Clarifies the current statutory language on the appointment of campaign committee officers, including ages and residency requirements.	No fiscal impact. This rule implements Section 56.3, <u>Iowa Code</u> .
ARC 2965B	Clarifies that the date of receipt for contributions by mail to be reported is the date that the recipient opens the envelope. The policy was announced by the Board in Advisory Opinion 2000-13.	No fiscal impact. Policy has been in place since calendar year 2000.
ARC 2967B	Permits a trust that makes a one-time contribution in excess of \$750 to use a one-page form that registers the trust as a political committee.	Fiscal impact cannot be determined. The number of trusts that qualify cannot be determined. There would be minimal savings in the amount of paperwork.
ARC 2970B	Consolidates rules with “paid for by” statement on political materials and political advertisements.	No fiscal impact. Reflects current Board policies, procedures, and advisory opinions.
ARC 2966B	Requires the placement of the “paid for by” attribution statement on web sites that expressly advocate about a candidate or ballot issue.	No fiscal impact. This puts into rule Board Advisory Opinion 2000-25.
ARC 2969B	Permits a candidate’s committee to use a computer owned by a corporate entity to generate and file campaign disclosure reports with conditions.	No fiscal impact. This puts into rule Board Advisory Opinion 2002-01. The Board’s rules already contain a similar provision for other types of committees.
ARC 2964B	The subject matter of current Chapter 8 (Rules on Petitions for Rule Making) moves into a new Chapter 13. The subject matter of the current Chapter 13 (Executive Branch Lobbying) moves into a new Chapter 8 and is redrafted significantly.	No fiscal impact. The rulemaking is putting into place current Board policies and practices.
Iowa Finance Authority		LSA Contact: Russ Trimble 1-4613
ARC 2973B	Replaces the current Chapter 1 with a revised chapter concerning general matters of the Iowa Finance Authority. The new Chapter details the mission, organization, programs and operations of the Authority, including the office location and the means by which interested persons may obtain information and make submissions or requests.	No fiscal impact.
Grow Iowa Values Board		LSA Contact: Russ Trimble 1-4613
ARC 2917B	Establishes rules for implementation and operation of Grow Iowa Values programs, financial assistance and the Grow Iowa	The fiscal impact is \$62.0 million for FY 2004 and \$66.0 million for FY 2005. These are the amounts appropriated from the

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	Values Board and provides for waivers and variances.	Grow Iowa Values Fund as specified in HF 683 (FY 2004 Grow Iowa Values Fund Act).
Department of Human Services		LSA Contact: Sue Lerdal 1-7794, Lisa Burk 1-7942, Jennifer Vermeer 1-4611
ARC 2920B	Implements HF 565 (<i>hawk-i</i> Children's Health Insurance Program), including reducing the number of <i>hawk-i</i> board meetings.	Minimal savings. This will reduce the number of meetings by 4, for an estimated state savings of \$400 and \$1,300 federal funds.
ARC 2921B	Eliminates the requirement that children have no health insurance for 6-months prior to enrollment in the <i>hawk-i</i> program. These changes are required by HF 565.	DHS estimates no impact on enrollment in the Program as the change will affect a minimal number of children. There were exemptions to the previous 6-month waiting requirement, so the requirement did not often prevent enrollment. There is a one-time computer programming cost of \$3,400 state funds and \$10,000 federal funds.
ARC 2977B	DHS estimates a shortfall in the State Payments Program of \$627,000 for FY 2004. The rules enact cost savings strategies to reduce expenditures, including: <ul style="list-style-type: none"> • Removing members from the Iowa Plan who receive non-managed care services. • Require waiting lists in counties that already have waiting lists. • Across the board provider rate reduction of up to 5%. The actual percentage reduction is not specified. 	DHS estimates savings of \$583,000 in State funds in FY 2004. The LSA did not receive the fiscal information with sufficient time to review the estimate and receive additional information from DHS. The LSA is working with DHS to receive additional information in order to provide the LSA analysis at the December 9 ARRC meeting.
ARC 2900B	Makes various changes to the Adoption Subsidy Program and child care assistance as recommended by the Adoption Subsidy Work Group.	Fiscal impact is a savings to the State of \$752,000 and a cost of \$318,000 from federal funds. This includes: <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 is 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 3023B	Passes on cost of living increases in the State Supplementary Assistance	Fiscal impact of \$40,000 cost to State funds in FY 2004.

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	categories effective January 1, 2004 (except Residential Care Facilities and In-Home Health Related Care). Implements HF 667 (Health and Human Services Appropriations Act).	
Inspections and Appeals Department		LSA Contact: Doug Wulf 1-3250
ARC 2945B	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.	Fiscal impact cannot be determined. Rule terminated.
Labor Services Division (Dept. Workforce Development)		LSA Contact: Russ Trimble 1-4613
ARC 2974B	Updates the rules; adopts the version of the building code used by the office of the Fire Marshal; makes technical and editorial corrections; eliminates inspection quotas for state inspections; specifies what information should be contained in accident reports; amends numerous provisions relating to special inspectors; clarifies safety standards for new installations; clarifies regulation of material lift elevators; increases some fees and establishes at least one new fee; amends requirements for posting notices and permits near facilities; and allows the Labor Commissioner to post a notice that a facility is not to be used.	There will be a fiscal impact due to increasing fees and establishing new fees; however, the amount is unknown. The Department has not submitted a fiscal impact statement to the LSA.
Law Enforcement Academy		LSA Contact: Jennifer Acton 1-7846
ARC 2944B	Provides an application process for persons sponsored but not yet hired by a law enforcement agency to attend ILEA or, if qualified, an approved short course.	The sponsored but not hired individual will be responsible for administrative fees and the full cost of the ILEA Basic Academy training. The full cost for FY 2004 is estimated to be \$4,200. It is unknown how many people will apply to attend. Administrative fees are currently being developed to cover the cost to process the applications. The total revenue generated from this process is unknown at this time.
ARC 2978B	Establishes the personal standards for Iowa reserve peace officers.	There are approximately 2,000 reserve peace officers in Iowa. Currently, only those reserve officers who carry weapons are required to submit forms for record purposes. Each agency adding a reserve peace officer after the effective date will be required to submit forms that ILEA staff will manage for record purposes. The Academy is estimating that an additional part-time person would need to be hired at approximately \$20,000 per year. The cost for agencies that currently do not

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		<p>have personal standards for reserve officers is estimated between \$350 and \$400 per person. The 2,000 current reserve officers would be grandfathered in. The number of new reserve officers required to meet the new personal standards cannot be determined. The individual reserve peace officer may be asked to fund the costs of meeting the hiring standards. Costs could vary from agency to agency. The fee will go to whatever agency is conducting the personal standards training.</p>
Department of Management		LSA Contact: Ron Robinson 1-6256
ARC 2872B	<p>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.</p>	<p>The fund contains \$975,000 of which up to 20.0% may be awarded as grants or forgivable loans. The remaining portion of the money is to be disbursed as loans to local governments at an equitable interest rate to be repaid within 5 years. At the end of the 5-year term, the fund will contain an estimated \$914,000.</p> <p>The rules allow additional loans to be made by the committee from the fund as the fund matures. These estimates do not include any interest earned on money held by the State Treasurer.</p> <p>There would be a minimal fiscal impact to the Department of Management for staff time. The seven member Committee that awards the loans and grants would be eligible for compensation and reimbursement of expenses as defined in Section 7E.6, <u>Code of Iowa</u>.</p>
Professional Licensure Division (Dept. Public Health)		LSA Contact: Lisa Burk 1-7942
ARC 2961B	<p>Barbers Examiners - Specifies the conduct of persons who attend public meetings, operational changes, requirements for the renewal of a barbershop license, and updates the discipline chapter.</p>	Minimal fiscal impact.
ARC 2963B	<p>Chiropractic Examiners - Updates and revises language in the rule that provides guidelines that chiropractic colleges must meet to receive board-approved status by adding a new conditional approval and a physiotherapy course to the core curriculum of approved schools.</p>	No fiscal impact.
ARC 2962B	<p>Chiropractic Examiners - Proposed amendments revise the requirements for chiropractic insurance consultants.</p>	<p>No fiscal impact. To the Board's knowledge, there are only four chiropractic insurance consultants in the State who advise insurance companies.</p>

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	Also, proposes educational requirements for those chiropractic physicians who perform acupuncture.	No fiscal impact. The fiscal impact to chiropractors cannot be determined as it is not known how many practice acupuncture; however, the total number of continuing education hours will not be increased.
ARC 2960B	Cosmetology Arts & Sciences Examiners - The proposed amendments adopt subrules for criteria for obtaining a reissued certificate or wallet cards, fees charged for duplicate and reissued wallet cards and certificates, amends licensure by endorsement rule, and clarifies circumstances when temporary permits shall be revoked.	No fiscal impact.
ARC 2959B	Psychology Examiners - The proposed amendments adopt a new subrule on licensure renewal; adopt a new rule on licensure by endorsement; redefine the number of hours required for supervised professional experience and criteria for duplicate and reissuing a certificate or wallet card and defines fees associated with these processes. Licensees who regularly examine, attend counsel or treat adults or children will be required at the time of renewal to show that they have completed a course approved by the Iowa Department of Public Health Abuse Education Review Panel regarding abuse identification and reporting.	No 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.
Iowa Public Employees' Retirement System		LSA Contact: Ron Robinson 1-6256
ARC 2926B	Reestablishes its administrative rules as an independent agency within the executive branch of State government as required by 2003 Iowa Acts, HF 534 (Department of Administrative Services Act). These proposed amendments also coordinate the creation and rescission of rules currently shared with the Department of Personnel, now part of the DAS.	No fiscal impact.
Department of Public Health		LSA Contact: Lisa Burk 1-7942
ARC 2975B	Chapter 88 provides for defense and indemnification to volunteer health care providers of free services at approved clinics. Boards of psychology examiners, social work examiners, behavioral examiners, and pharmacy examiners were	The Program will require 1.0 FTE position and operating expenses in the amount of \$77,000 for administration. The Program has been assigned to the Division of Community Health within the existing budget.

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	added to the five boards already included in the program. Free clinics are also now eligible for defense and indemnification.	Previously, the Program was administered between two bureaus by existing staff. The addition of free clinics and new professions to the indemnification piece of the Program will require more extensive coordination and the development of new policies and procedures for the Program.
Real Estate Commission (Dept. of Commerce)		LSA Contact: Ron Robinson 1-6256
ARC 2673B ARC 2927B	The proposed rules reduce the license fees of real estate brokers and salespersons by \$50 for each renewal.	<p>Estimated General Fund revenue decrease of \$170,000 annually. This includes a decrease of \$111,000 to the General Fund, \$41,000 to the University of Northern Iowa, and \$18,000 to the Real Estate Education Director.</p> <p>Each person renewing his or her license will save \$50.</p> <p>Rule terminated.</p>
Department of Revenue and Finance		LSA Contact: Ron Robinson 1-6256
ARC 2940B	<p>Transfers the eligible Housing Business Tax Credit and the Property Rehabilitation Tax Credit as required by SF 441 (Housing Tax Credit Bifurcation Act).</p> <p>Provides that tax credit certificates must be issued to individuals who qualify for the eligible housing business tax credit and to provide for the transferability of the eligible housing business tax credit for individual income tax.</p> <p>Provides that the property rehabilitation tax credit can be transferred for individual income tax.</p> <p>Provides that tax credit certificates must be issued to corporations that qualify for the eligible housing business tax credit and to provide for the transferability of the eligible housing business tax credit for corporation income tax purposes.</p> <p>Provides that the property rehabilitation tax credit may be transferred for corporation income tax.</p> <p>Provides that tax credit certificates must be issued to financial institutions that qualify for the eligible housing business tax credit and to provide for the transferability of the eligible housing business tax credit for</p>	<p>General Fund revenues will be reduced by \$210,000 annually starting in FY 2005. Processing tax credits due to this legislative change are part of the normal job duties of the Department.</p> <p>Individual income, corporation income and franchise taxpayers will be impacted by the rule, and they should benefit from the additional guidance in these rules. Forms have been modified to account for the transfer of the tax credit.</p>

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ARC 2941B	<p>franchise tax purposes.</p> <p>Deletes references to certain duties previously performed by the Department of Revenue regarding offsetting of debts owed the State by tax refunds due the debtors.</p>	<p>No fiscal impact. The duty of administering setoffs of certain debts owed the State of Iowa is transferred from the Department of Revenue to the newly created DAS.</p> <p>Additional revenue or expense is not anticipated.</p> <p>Instead of dealing with the Department of Revenue people will deal with the DAS.</p> <p>No impact on local government.</p>
ARC 2942B	<p>These amendments implement 2003 Iowa Acts, HF 576 (Enterprise Zones Act) and HF 681 (Cooperatives, Economic Tax Credit Act). Eliminates the requirement, for tax years beginning on or after July 1, 2003, that eligible businesses whose projects primarily involve the production of value-added agricultural products only include cooperatives primarily involved in the production of ethanol. Provides that eligible businesses in enterprise zones may be subject to repayment of tax credits previously taken if the business experiences a layoff or closes facilities within Iowa.</p>	<p>General fund revenues will be reduced by \$280,000 annually starting in FY 2004 and by \$4.0 million annually over a period of 5-10 years starting in FY 2006. There is no fiscal impact for HF 681 since the refund is capped at \$4.0 million annually. Processing tax credits due to this legislative change is part of the normal job duties of the Department.</p>
ARC 2943B	<p>Requires that property leased to others by the Departments of Corrections and Human Services be subject to taxation.</p> <p>Permits former members of the armed forces of the United States who opted to serve 5 years in the reserve forces of the United States to be eligible for the Military Service Property Tax Exemption if any portion of their term of enlistment would have occurred during the Korean Conflict.</p> <p>Provides that State reimbursement for property tax revenue lost by counties from the phase-out of the tax on industrial machinery, equipment, and computers will end with FY 2004.</p>	<p>DOC/DHS Leases: Lessees of the property will be required to pay property taxes on the leased land.</p> <p>Military Exemption: Estimated 10 veterans would qualify for the military exemption. (Cost to State of \$12.50 per veteran, or \$125). Military veterans will receive a decrease in their property taxes of about \$50 per year.</p> <p>There will be an increase in revenues for local governments resulting from the tax on the leased property. Local governments will have minimal expenses for funding the Military Service Property Tax Exemption.</p> <p>Machinery and Equipment Tax: The elimination of state funding for the Machinery and Equipment Tax Exemptions results in a State savings of \$11.0 million in FY 2005 and a reduction to local governments of \$11.0 million because they will no longer receive State reimbursement.</p>
ARC 2953B	<p>This rule provides for additional tax credits for the Property Rehabilitation Tax Credit</p>	<p>General Fund revenues will be reduced by as much as \$2.0 million for FY 2005, since</p>

<u>Rule</u>	<u>Rule Summary</u>	<u>Fiscal Impact Analysis</u>
	as set forth in 2003 Iowa Acts, HF 683 (Iowa Values Fund Act). This rule also provides for the University-based Research Utilization Program Tax Credit, which implements 2003 Iowa Acts, HF 692 (Property Tax Reform, Part I, Act).	section 111 of HF 692 capped the amount of tax credits at \$2 million. The potential reduction in General Fund revenues could reach \$10.0 million starting in FY 2006, based on the cap in section 111 of House File 692. The change to the Property Rehabilitation Tax Credits does not impact General Fund revenues until FY 2006, as set forth in Section 90 of HF 683. Processing these tax credits due to this legislative change are part of the normal job duties of the Department.
ARC 2954B	These amendments are proposed pursuant to 2003 Iowa Acts, HF 677 (Capital Investment Program). Provides tax credits for businesses approved by the Iowa Department of Economic Development under the New Capital Investment Program for individual and corporate income tax, and franchise tax.	General Fund revenues will be reduced in FY 2005 by \$2.7 million, in FY 2006 by \$4.3 million, in FY 2007 by \$6.0 million, and by \$7.6 million for FY 2008 and beyond. Processing these tax credits are part of the normal job duties of the Department.
ARC 2955B	<p>The purpose of these proposed amendments is to implement 2003 Iowa Acts, HF 344 (Fuel Tax Exemption, Political Subdivision Act) and SF 458 (FY 2004 Standing Appropriations, Salary Provisions, and Statutory Changes Act).</p> <p>Adds definitions, an implementation clause and requires dealers to maintain records similar to others in the fuel distribution chain. Reflects the change in the tax rate for gasoline from 20.1¢ to 20.3¢ for FY 2004, and creates a refund for the tax paid on fuel used by benefited fire districts for public purposes.</p>	<p>The Road Use Tax Fund will see revenues increase by an estimated \$1.2 million per year based upon historical gallonage and price data from the Department of Revenue and Department of Natural Resources.</p> <p>Impact to persons affected by the rule: An Increase in fuel costs for the consumer due to the increase in the State fuel tax rate. Benefited Fire Districts will have reduced fuel costs due to the refund of the State tax they will receive. Some paperwork costs for dealers.</p>
ARC 2956B	<p>These amendments implement 2003 Iowa Acts, HF 674 (Active Duty Pay Income Tax Exclusion).</p> <p>Specifies persons in the armed forces deployed outside the U.S. in certain contingency operations would be eligible for the tax benefits.</p> <p>Provides that active duty pay of National Guard members and armed forces military reserve members for military service on or after January 1, 2003, is exempt from Iowa income tax.</p> <p>Provides a deduction of up to \$1,500 for un-reimbursed overnight transportation, meal and lodging expenses for travel to the extent the expenses were incurred as a member of the National Guard or military reserve on or after January 1, 2003.</p>	<p>The provisions of Section 5 of the Act providing an income tax exemption for active duty pay of National Guard members and armed forces reserve will result in a revenue loss to the State of \$1.5 million in FY 2004. The fiscal impact of this provision cannot be determined for FY 2005 and for subsequent fiscal years as the number of National Guard members and armed forces military reserve members who will be on active duty after the 2003 calendar year cannot be estimated.</p> <p>The provisions of Section 5 of the Act that provide for a deduction of up to \$1,500 for travel expenses for travel away from home of more than 100 miles for the performance of services in the National Guard or armed forces military reserve will result in an</p>

<u>Rule</u>	<u>Rule Summary</u>	<u>Fiscal Impact Analysis</u>
	<p>Provides Iowa income tax exclusion for income realized from repayment of military student loans by individuals serving on active duty.</p> <p>Describes the Iowa income tax exclusion of the death gratuity payable to an eligible survivor of a member of the armed forces who died while on active duty after September 10, 2001.</p> <p>Subtracts the deduction for un-reimbursed travel expenses to the extent the deduction was included under miscellaneous itemized deductions of the taxpayer.</p> <p>Provides that certain veterans' organizations are exempt from federal income tax if 75.0% of the organization's members need to be past or present armed forces members because the membership of the organization includes ancestors or lineal descendants.</p>	<p>estimated revenue loss of \$100,000 in FY 2004 and in subsequent fiscal years.</p> <p>The provisions of Section 5 of the Act that provides an exemption from tax for certain veterans' organizations that would have qualified for exemption from federal income tax except that less than 75.0% of the membership consisted of past or present members of the armed forces because the membership of the organizations includes ancestors or lineal descendants will result in an estimated revenue loss of \$60,000 in FY 2004 and in subsequent fiscal years.</p> <p>National Guard personnel and armed forces military reserve personnel will save approximately \$1.5 million in income taxes on their 2003 Iowa returns from the exemption of their active duty pay which will be taxed on their 2003 federal income tax returns.</p> <p>National Guard personnel and armed forces military reserve personnel will save approximately \$100,000 in Iowa income taxes on their 2003 Iowa returns by the deduction of travel expenses.</p> <p>Veterans' organizations will save approximately \$60,000 in Iowa corporate income tax due to qualifying for exemption from tax.</p> <p>No impact on local government.</p>
Secretary of State		LSA Analyst: Douglas Wulf 1-3250
ARC 2928B	<p>These rules set forth an administrative complaint procedure to comply with Title IV, Section 402, of the Federal Help America Vote Act of 2003. The procedure will be available to any person who believes that a violation of any provision of Title III of the Help America Vote Act has occurred, is occurring, or is about to occur in connection with a federal election.</p>	No fiscal impact.
ARC 2939B	<p>These rules implement Iowa Code Sections 50.11 and 52.41, which require the State Commissioner of Elections (Secretary of State) to promulgate rules regarding the electronic transmission of election results and for the standards for examination and testing of devices for the electronic transmission of election results; add conforming language to an earlier</p>	No fiscal impact.

<u>Rule</u>	<u>Rule Summary</u>	<u>Fiscal Impact Analysis</u>
	amendment incorporating new voting system standards into these rules; and corrects the current mailing address of the secretary of state's office.	
Department of Transportation		LSA Analyst: Mary Beth Mellick 1-8223
ARC 2913B	Rescinds Chapter 718: General Aviation Hangar Revolving Loan Fund.	Minimal fiscal impact. This fund was created during the 2000 legislative session and was appropriated \$500,000. The first loans were granted in FY 2002 and totaled \$140,000. The 2002 General Assembly passed legislation that reverted the \$360,000 of unobligated moneys to the General Fund. The \$140,000 that had already been loaned will be repaid over a 10-year time period. Senate File 97 (FY 2004 DOT Omnibus Act) provided that the loan repayments will be used for future aviation infrastructure grants. The political subdivisions will use the grants instead of the loan program.
ARC 2914B	Amends Chapter 700: Aeronautics Administration; Chapter 710: Airport Improvement Program; Chapter 715: Commercial Air Service Marketing Program; Chapter 716: Commercial Air Service Airport Infrastructure Program; and Chapter 720: Iowa Airport Registration.	No fiscal impact. The amendments correct contact information, add an Internet address, change deadlines, remove unnecessary language, change the title of Chapter 716, create consistency between other administrative rules, update an implementation clause, clarify language, and update references to publications.
Utilities' Division (Dept. of Commerce)		LSA Analyst: Ron Robinson 1-6256
ARC 2506B	Crossing of railroad rights-of ways. 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 fiscal impact cannot be determined since information pertaining to the costs of liability policies and the prior cost of easements cannot be obtained.
ARC 2932B	This rule making fulfills the requirements of Executive Orders 8 and 9 to update, clarify, and revise the Board's customer service rules. The Board also made some changes to its customer service rules based upon its ongoing review to make the rules more understandable and to reflect changes in utility practice.	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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