



ADMINISTRATIVE RULES – FISCAL IMPACT SUMMARIES

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

DEPARTMENT OF ADMINISTRATIVE SERVICES

ARC 5317B

Rule Summary Rescinds and reserves 11 IAC 1.7(68B). House File 2593 (FY 2007 Ethics and Lobbying Laws Act) transferred authority to the Ethics and Campaign Disclosure Board, and that agency has adopted 351 IAC 6.11(68B).

Fiscal Impact No fiscal impact.

ARC 5338B

Rule Summary The Iowa Technology Governance Board, in conjunction with the Department of Administrative Services, develops and adopts information technology operational standards. The proposed amendment establishes the process for approval and adoption of technical operational standards, including a public comment period. The rule applies to all participating agencies as defined in Chapter 25.

Fiscal Impact No fiscal impact.

ARC 5339B

Rule Summary The proposed rule allows agencies to request additional time to comply with adopted security operational standards or to request a variance in the implementation of a standard. The new rule establishes authority to assess compliance with security operational standards and procedures for enforcing noncompliance. The new rule applies to all participating agencies as defined in Chapter 25.

Fiscal Impact The fiscal impact cannot be determined.

ARC 5258B

Rule Summary The proposed rule was created to describe a standard method State agencies can use to acquire goods and services of general use. The rule does not make substantive changes to State policy for competitive procurement methods, standard contract requirements, agency guidelines, or vendor responsibilities and rights.

Fiscal Impact The fiscal impact cannot be determined since the rule is optional. State agencies may choose to use current practices when procuring goods and services.

STAFF CONTACT: Jess Benson (Ext. 14613)

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DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP

ARC 5312B

Rule Summary The proposed amendment permits a quarterhorse foal to be registered in the Iowa-foaled program without the donor mare being required to be maintained in Iowa until after the foal is born and has been inspected.

Fiscal Impact There may be a minimal increase in the number of quarterhorse foals to be inspected; however, the increase cannot be projected and the number will likely be low.

STAFF CONTACT: Debra Kozel (Ext. 16767)

BANKING DIVISION – DEPARTMENT OF COMMERCE

ARC 5356B

Rule Summary The rule relates to the electronic transfer of funds and amends existing rules to permit greater acceptance of debit cards at merchant locations.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Sam Leto (Ext. 16764)

CITY FINANCE COMMITTEE – DEPARTMENT OF MANAGEMENT

ARC 5310B

Rule Summary Chapter 4 in part defines what are considered employee benefits for city employees. A city may levy against property to pay for such benefits if offered by the city. The levy is a special levy that can only be used to pay for the employer's share of that benefit. The amendment clarifies acceptable employee benefit definitions that have evolved over time and become acceptable standards with employers and within the insurance industry.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Jess Benson (Ext. 14613)

CREDIT UNION DIVISION – DEPARTMENT OF COMMERCE

ARC 5347B

Rule Summary The rule relates to the electronic transfer of funds and revises the definition of "front-end processor" to include processors driving Iowa point of sale debit card terminals that utilize a second processor, certified with a central processing unit as a gateway to transmit Iowa cardholder transactions to the central processing unit.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Sam Leto (Ext. 16764)

DEPARTMENT OF ECONOMIC DEVELOPMENT

ARC 5301B and ARC 5300B

Rule Summary Clarifying changes are made to the definition of benefits under the High Quality Job Creation Program and to the definition of benefits under the Grow Iowa Values Fund financial assistance projects.

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Fiscal Impact	No fiscal impact.	
Rule Summary	Cancels the existing chapter related to the Housing Fund and creates a new chapter. Adds new definitions, eliminates subrecipient agreements, separates contracts for administration, and adds new limits on per unit subsidies.	ARC 5336B
Fiscal Impact	No fiscal impact.	
Rule Summary	Adds definitions, including blighted areas and transportation enterprise zones; extends the time period from March 1, 2006 to July 1, 2010 for applying for a zone, and makes eligibility and boundary changes regarding zones. The rules implement SF 2147 (FY 2007 Enterprise Zones, Project Location Act) and SF 2183 (FY 2007 Distribution Center Enterprise Zone Act).	ARC 5303B and ARC 5302B
Fiscal Impact	The Department reports that the fiscal impact cannot be determined; however, the fiscal notes for the two Acts estimate a reduction to the General Fund of \$129.5 million through FY 2012. The fiscal impact does not include an adjustment for “indirect” impacts on State or local revenue. Both positive and negative indirect impacts are possible. Positive indirect impacts may include employees expending salary dollars within the State and growth in other businesses created and expanded to meet the needs of the new business. Negative indirect impacts may include the effect of the new business on other Iowa businesses when competing for labor, capital, and sales, as well as the additional demand for schools, roads, police and fire protection, and other government services that necessarily result from higher levels of employment and population.	
Rule Summary	Implements HF 2782 (Capitals Appropriations Act) as it relates to Port Authorities.	ARC 5304B and ARC 5305B
Fiscal Impact	The fiscal impact is anticipated to be minimal. The Act appropriated \$80,000.	
Rule Summary	Implements HF 2731 (FY 2007 Pilot Project New Tax Incentive Act) as it relates to the Targeted Jobs Withholding Tax Credit Program.	ARC 5306B and ARC 5307B
Fiscal Impact	The Department reports that the fiscal impact cannot be determined; however, the fiscal note estimates a decrease to the General Fund of \$12.0 million through FY 2012. The fiscal impact does not include an adjustment for “indirect” impacts on State or local revenue. Both positive and negative indirect impacts are possible. Positive indirect impacts may include employees expending salary dollars within the State and growth in other businesses created and expanded to meet the needs of the new business. Negative indirect impacts may include the effect of the new business on other Iowa businesses when competing for labor, capital, and sales, as well as the additional demand for schools, roads, police and fire protection, and other government services that necessarily result from higher levels of employment and population.	
Rule Summary	The proposed amendment would allow an eligible group to apply for and receive up to two awards per fiscal year for the promotion of Iowa wine and beer. The current rule limits participation to one award per group per fiscal year. This amendment is intended to implement Section 15E.117, <u>Code of Iowa</u> .	ARC 5335B

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Fiscal Impact The fiscal impact is anticipated to be minimal. Any fiscal impact would be to either the Barrel Tax Fund or the Wine Gallonage Tax Fund.

STAFF CONTACT: Ron Robinson (Ext. 16256)

DEPARTMENT OF EDUCATION

Rule Summary **ARC 5318B**
Replaces community college accreditation rules presently established as part of Chapter 21. Also, revises the rules to facilitate evaluation of the colleges' effectiveness in a framework of continuous quality improvement standards and benchmarks.

Fiscal Impact No fiscal impact.

Rule Summary **ARC 5319B**
Makes changes regarding school bus standards and safety: (1) establishes seating standards; (2) eliminates the reference to tuberculosis testing in a school bus driver's physical fitness examination; (3) provides for warning, reprimand, and suspension for a bus driver who has violated rules of conduct, in addition to revocation of driving authorization; (4) requires that a school bus be inspected before each trip and that the interior of the bus be inspected after each trip; and (5) requires a two-way communication system or cellular telephone capable of emergency communication on each school bus.

Fiscal Impact The first four changes have no fiscal impact. There are 162 school buses, or 2.3% of the school buses, without two-way communication systems. Because of the variety of options, the cost of this change cannot be determined. If the option of installing a two-way radio and antenna is selected, the costs would be approximately \$700 per bus, for a total of approximately \$113,000 if installed on all affected buses. The costs of the cell phone alternative will vary according to usage agreement.

Rule Summary **ARC 5320B**
Implements statutory changes in the Department of Public Health rules that require sign language interpreters to be licensed by the State. Changes are related to staffing and service reductions due to budgetary restrictions.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561) Robin Madison (Ext. 15270)

BOARD OF EDUCATIONAL EXAMINERS

Rule Summary **ARC 5343B**
Clarifies the existing authority of licensees to teach two grades above and two grades below in their endorsement area.

Fiscal Impact No fiscal impact.

Rule Summary **ARC 5341B**
Establishes a Statement of Professional Recognition to be awarded by the Board of Educational Examiners to school district employees who hold a registered nurse license from the Iowa Nursing Board.

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Fiscal Impact No fiscal impact. Applicants will be required to pay a fee to obtain the Statement of Professional Recognition.

ARC 5342B

Rule Summary Establishes a new license, including competencies and requirements, for orientation and mobility specialists who work with special education students.

Fiscal Impact No fiscal impact. Applicants will be required to pay a fee to obtain the new license.

ARC 5344B

Rule Summary Provides an extension to administrators needing to renew evaluator endorsements or licenses prior to the evaluator course that will be available in the fall of 2007. Current administrators may maintain their license without penalty, allowing them time to complete the evaluator course.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Robin Madison (Ext. 15270)

DEPARTMENT OF ELDER AFFAIRS

ARC 5337B

Rule Summary Establishes the membership, structure, scope, function, orientation, and training structure for the Area Agency on Aging Boards of Directors.

Fiscal Impact Minimal fiscal impact. The General Assembly allocated \$25,000 for this training from the General Fund appropriation to the Department of Elder Affairs provided in HF 2734 (FY 2007 Health and Human Services Appropriations Act).

STAFF CONTACT: Lisa Burk (Ext. 17942)

ENGINEERING AND LAND SURVEYING EXAMINING BOARD – PROFESSIONAL LICENSING AND REGULATION DIVISION, DEPARTMENT OF COMMERCE

ARC 5313B

Rule Summary Clarifies the rule regarding the work experience prior to graduation from college that may be accepted toward satisfaction of professional experience requirements for eligibility for the professional engineering examination. The only internships that will be accepted are those administered by engineering colleges.

Fiscal Impact No fiscal impact.

ARC 5314B

Rule Summary Updates the method by which complaints can be submitted to the Board to include mail, e-mail, facsimile or personal delivery; clarifies the meaning of complainant and respondent; adds an explanation of initial complaint screening by the Board's Administrator; adds immunity from civil liability and employment protection for the complainant; and describes the role of the complainant and the role of the Board in the investigation process.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Sam Leto (Ext. 16764)

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ENVIRONMENTAL PROTECTION COMMISSION – DEPARTMENT OF NATURAL RESOURCES

ARC 5324B

Rule Summary Removes the fee for animal confinement operations under the wastewater permit rules that were adopted in July under ARC 5244B.

Fiscal Impact Minimal fiscal impact.

STAFF CONTACT: Debra Kozel (Ext. 16767)

ETHICS AND CAMPAIGN DISCLOSURE BOARD

ARC 5271B

Rule Summary The proposed amendments reflect statutory changes, remove unnecessary Board rules, combine other rules, and rewrite the current prohibition on the use of information on statements and reports filed with the Board.

Fiscal Impact No fiscal impact.

ARC 5275B

Rule Summary Requires a candidate who has filed a statement of organization for one office and then exceeds the financial activity threshold for a new office, to file, within ten days of exceeding the threshold, either an amended statement of organization disclosing information for the new office sought or organize and register a new committee.

Fiscal Impact No fiscal impact.

ARC 5273B

Rule Summary Clarifies that a committee that has exceeded \$750 in campaign activity prior to a campaign report cutoff date is required to file the report even though the committee has not yet filed a statement of organization.

Fiscal Impact No fiscal impact.

ARC 5270B

Rule Summary Corrects a citation to a recently renumbered rule concerning final disclosure reports filed by election committees.

Fiscal Impact No fiscal impact.

ARC 5276B

Rule Summary Removes the \$50 cap on the ability of candidates to use campaign funds to purchase tickets to a meal for the purpose of enhancing the candidacy of any person.

Fiscal Impact No fiscal impact.

ARC 5278B

Rule Summary The proposed amendment reflects current Board policies regarding the resolution of published political materials that does not contain a “paid for by” attribution.

Fiscal Impact No fiscal impact.

ARC 5272B

Rule Summary Rescinds 351 IAC rule 4.48 that provides an additional exception for “occasional, isolated, and incidental” use of corporate resources. The Board does not believe the rule is supported by the statute and does not cite the rule in administrative decisions.

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Fiscal Impact No fiscal impact.

ARC 5274B

Rule Summary Rescinds portions of 351 IAC subrule 4.52(2) that require a corporation that jointly sponsors a fundraising letter with the political committee (PAC) to submit a copy of the solicitation letter, and to also submit a copy each January with the PAC report. The Board has not been enforcing these requirements in the rule.

Fiscal Impact No fiscal impact.

ARC 5277B

Rule Summary The proposed amendment relates to when a permanent organization makes a one-time contribution in excess of \$750, and provides penalties for failing to file the proper form with the Board.

Fiscal Impact The fiscal impact cannot be determined but is anticipated to be minimal.

ARC 5268B

Rule Summary The proposed amendment reflects current Board policy regarding notification to the regulated community and the public that certain statutes outside the Board's jurisdiction prohibit persons who hold government positions from engaging in political activities. The Board maintains this list of governmental positions on its web site.

Fiscal Impact No fiscal impact.

ARC 5269B

Rule Summary The proposed amendment reflects the statutory changes that adds "lease" to the requirement that an official or employee of a regulatory agency obtain the agency's consent prior to selling goods or services.

Fiscal Impact No fiscal impact.

ARC 5266B

Rule Summary The proposed amendment reflects statutory changes that add "leases" to the prohibition of a member of the Governor's Office from selling goods or services to a lobbyist or to a person that employs a lobbyist without proper consent. A blanket consent provision to allow the Governor's Office to approve a class of sales or leases is also provided.

Fiscal Impact Minimal fiscal impact. The Governor's Office may file copies of new consents with the Board.

ARC 5267B

Rule Summary The proposed amendment reflects statutory changes that direct the Board to impose discipline for violations of Chapters 68A and 68B, Iowa Code, Section 8.7, Iowa Code Supplement, or rules adopted by the Board.

Fiscal Impact Minimal fiscal impact. There may be some enforcement actions initiated for violations.

STAFF CONTACT: Sam Leto (Ext. 16764)

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DEPARTMENT OF HUMAN SERVICES

ARC 5332B

Rule Summary These rules make a variety of changes to the administration of the Family Investment Program (FIP), including changing from retrospective to prospective budgeting and reducing monthly reporting requirements to quarterly intervals.

Fiscal Impact The estimated fiscal impact is a decrease of \$211,000 to the General Fund for FY 2007. The Department of Human Services expects to be able to absorb this amount within the current FY 2007 budget. The estimated fiscal impact for FY 2008 is a decrease of \$1.4 million to the General Fund.

ARC 5334B

Rule Summary These rules add the Consumer Choices Option to the following Home and Community-Based Services (HCBS) Medicaid Waivers: Ill and Handicapped; Elderly; Mental Retardation; AIDS/HIV; Brain Injury; and Physical Disability.

Fiscal Impact No fiscal impact.

ARC 5368B

Rule Summary Eliminates Medicaid coverage for Rehabilitative Treatment Services (RTS) for children and rehabilitation for adults with chronic mental illness and replaces them with a new service category in Medicaid called, Remedial Services to Treat Symptoms or Causes of a Psychological Disorder.

Fiscal Impact The estimated net effect of this rule change in FY 2007 is a total increase of \$5.2 million. This includes a reduction of \$8.3 million in federal funds, an increase of \$7.6 million in General Fund money, and an increase of \$5.9 million in county funds.

The reduction in federal funds is due to changes in service definitions. The new definitions decrease the amount of State spending that can be matched with federal funds. It is estimated that matchable services will be 29.0% less in FY 2007 and FY 2008 than in FY 2006.

The increases in State and county expenditures result from several factors:

- The State and counties paying 100.0% from the Child Welfare budget for some services formerly matched by federal Medicaid.
- The State and counties paying 100.0% from the Mental Health budgets for some services formerly matched by federal Medicaid.
- Extending eligibility for Remedial Services to children in the subsidized adoption program and special needs children in schools.
- Expanding eligible adult diagnoses from chronic mental illness to include mental illness.

The Department of Human Services (DHS) estimates that State expenses associated with the RTS changes can be funded within the FY 2007 Medicaid appropriation; however, additional funding may be necessary to pay for the ARO service changes. It is unknown how counties will adjust to the increased costs.

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	ARC 5333B
Rule Summary	These rules clarify the documentation necessary for Medicaid providers to receive reimbursement for services.
Fiscal Impact	No fiscal impact.
	ARC 5372B
Rule Summary	<p>The changes relate to Group Care and propose a change in the methodology for establishing “maintenance” and “child welfare service” payment rates. The changes are also associated with the child welfare redesign and separating the child welfare service system from Medicaid.</p> <p>Currently, the service of Group Care includes maintenance, child welfare supportive services, and rehabilitative treatment services (RTS). Effective November 1, 2006, RTS will become remedial services, which is the provision of medical-related treatment to children at home, in foster family care, and in group care facilities. This rule change separates costs associated with remedial services under Group Care so they may be paid under Medicaid.</p> <p>Maintenance and child welfare supportive services provided under Group Care will continue as is until further rules are adopted. The DHS is currently exploring payment methodology options for calculating rates paid to eligible group care providers that will provide maintenance and social child welfare services. These rates will be separate from those paid for the provision of remedial services under Medicaid. It is expected that the DHS will adopt the new rate methodology for maintenance and child welfare services provided under Group Care to take effect by November 1.</p>
Fiscal Impact	The fiscal impact cannot be determined; however, the impact is likely to be significant. The costs associated with maintenance and child welfare services in Group Care will be determined when a final rate setting methodology is established. The estimate for the cost of providing remedial services under Medicaid is provided above under ARC 5368B.
	ARC 5369B
Rule Summary	Changes remove language that allows exceptions to the age requirement for children with special circumstances who are part of a Family Investment Program (FIP) household; clarifies the eligibility redetermination process; and updates the provider reimbursement ceilings to reflect the 2004 provider market rate survey.
Fiscal Impact	House File 2734 (FY 2007 Health and Human Services Appropriations Act) provided a total increase of \$1.7 million, including \$1.2 million in TANF funds and \$500,000 in General Funds to increase provider rates based on the 2004 market rate survey, with implementation to begin on January 1, 2007. In order to annualize these costs in FY 2008, an additional \$1.7 million will be needed.
	ARC 5367B
Rule Summary	<p>Updates Family Support Subsidy (FSS) Program policies to limit eligibility and adds rules to establish the Family Support Center Program (formerly, Children At-Home Program) based on changes made during the 2006 Legislative Session as set forth in SF 2217 (FY 2007 DHS Omnibus Policy Changes Act).</p> <p>Senate File 2217 made eligibility for the FSS Program more restrictive as many families who received assistance under the Program were also eligible to receive</p>

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Medicaid waiver services and/or the special needs adoption subsidy. The DHS estimated that 70.0% of families receiving assistance under the FSS also received Medicaid waiver services.

By limiting eligibility for the FSS Program to those who are not receiving assistance through the adoption subsidy or waiver services, the waiting list for the FSS Program could be eliminated and the funds could be used to expand the Family Support Center Program, which is currently only available in 14 counties.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Lisa Burk (Ext. 17942)

INSURANCE DIVISION – DEPARTMENT OF COMMERCE

ARC 5365B

Rule Summary The proposed amendments to the rules for contested case proceedings by the Division are intended to update and clarify the procedures followed by the Division. The Division intends that Iowa insurance companies and producers will comply with these rules beginning January 1, 2007.

Fiscal Impact No fiscal impact.

ARC 5361B

Rule Summary The rules set out the requirements, procedures, and fees relating to the qualification, licensure, and appointment of insurance producers. The proposed amendments to the rules are in accordance with uniform guidelines issued by the National Association of Insurance Commissioners. The Division intends that Iowa insurance companies and producers will comply with these rules beginning January 1, 2007.

Fiscal Impact No fiscal impact.

ARC 5366B

Rule Summary The rules set out the continuing education requirements for insurance producers. The proposed amendments to the rules are in accordance with uniform guidelines issued by the National Association of Insurance Commissioners. The Division intends that Iowa insurance companies and producers will comply with these rules beginning January 1, 2007.

Fiscal Impact No fiscal impact.

ARC 5323B

Rule Summary The rules relate to unfair trade practices and add a suitability requirement for annuity sales. Iowa insurance companies and producers shall comply with the rules beginning January 1, 2007.

Fiscal Impact No fiscal impact.

ARC 5363B

Rule Summary The rules relate to property and casualty rates and describe the procedures for filing rates and forms for approval by the Division. The proposed amendments to the rules set forth changes to the procedures intended to make the filing and approval process more efficient. The Division intends that Iowa insurance companies and producers will comply with these rules beginning January 1, 2007.

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Fiscal Impact No fiscal impact.

ARC 5364B

Rule Summary The rules relate to life insurance policies and describe the procedures for filing rates and forms for approval by the Division. The proposed amendment to the rules sets forth changes to the procedures intended to make the filing and approval process more efficient. The Division intends that Iowa insurance companies and producers will comply with these rules beginning January 1, 2007.

Fiscal Impact No fiscal impact.

ARC 5362B

Rule Summary The rules relate to accident and health insurance and describe the procedures for filing rates and forms for approval by the Division. The proposed amendment to the rules sets forth changes to the procedures intended to make the filing and approval process more efficient. The Division intends that Iowa insurance companies and producers will comply with these rules beginning January 1, 2007.

Fiscal Impact No fiscal impact.

ARC 5322B

Rule Summary The rules relate to individual accident and health minimum standards and provide standardization and simplification of terms and coverages of individual accident and sickness insurance policies and individual subscriber contracts of hospital, medical, and dental service corporations. The proposed amendments to the rules are in accordance with model language issued by the National Association of Insurance Commissioners. Iowa insurance companies and producers shall comply with the rules beginning January 1, 2007, for policies issued on or after January 1, 2007.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Sam Leto (Ext. 16764)

INTERIOR DESIGN EXAMINING BOARD – PROFESSIONAL LICENSING AND REGULATION DIVISION, DEPARTMENT OF COMMERCE

ARC 5311B

Rule Summary Adopts new Chapter 1, “Description of Organization,” and new Chapter 2, “Registration.” Chapter 1 provides structure and organization for the Board, and Chapter 2 includes transition rules for applicants to register as interior designers through June 30, 2007.

Fiscal Impact There was a \$12,000 appropriation for FY 2005 for the Board that was allowed to be expended in FY 2006. There are also proposed registration fees of \$350 for a two-year license, depending on the number of registrants.

STAFF CONTACT: Sam Leto (Ext. 16764)

IOWA FINANCE AUTHORITY

ARC 5346B

Rule Summary Establishes rules for awarding grants to small communities for the construction or upgrading of wastewater treatment facilities.

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Fiscal Impact The fiscal impact cannot be determined. It is unknown how many communities will take advantage of the program or to what extent. There will be no appreciable fiscal impact beyond the amount specifically appropriated for the program by the General Assembly in HF 2782 (FY 2007 Capitals Appropriations Act). The Act appropriated \$4.0 million from the Federal Economic Stimulus and Jobs Holding Account. That Act also stated it is the intent of the General Assembly to appropriate \$4.0 million annually for FY 2008 through FY 2016.

STAFF CONTACT: Ron Robinson (Ext. 16256)

IOWA UTILITIES BOARD – DEPARTMENT OF COMMERCE

Rule Summary Rescinds provisions related to consent for the sale of goods and services by officials and employees of regulatory agencies. Also, adopts prohibition language consistent with the rules of the Ethics and Campaign Disclosure Board. **ARC 5316B**

Fiscal Impact No fiscal impact.

Rule Summary The amendment removes the current requirements for Iowa-specific accounting rules for local exchange telephone utilities, and allows utilities to use either generally accepted accounting principles or the uniform systems of accounts adopted by the Federal Communications Commission. The Board is also amending the rule relating to post-employment benefits other than pensions so that it no longer applies to local exchange utilities. **ARC 5315B**

Fiscal Impact No fiscal impact.

STAFF CONTACT: Sam Leto (Ext. 16764)

LABOR SERVICES DIVISION – DEPARTMENT OF WORKFORCE DEVELOPMENT

Rule Summary Adopts by reference edits to the new federal standards relating to hexavalent chromium. The edits are conforming amendments necessary for proper implementation of a recently adopted standard. **ARC 5326B**

Fiscal Impact No fiscal impact.

Rule Summary The rule creates Boiler and Pressure Vessel Board procedures; updates rules by adopting the most recent codes by reference; reorganizes and edits the rules to make them easier to read; renumbers Chapters; adopts, amends, and rescinds definitions; adopts by reference the National Fire Protection Association's Fuel Gas Code, Liquefied Petroleum Code, and Boiler and Combustion System Hazards Code; allows special inspectors to provide their clients with copies of the inspection report up to 30 days after the inspection; amends the hydrostatic pressure test requirement; adopts a new requirement for clearances around objects; rescinds unnecessary rules; allows the removal of a safety appliance for the purpose of altering the object; changes requirements for pipes, valves, and fittings; and requires the use of customary U.S. units of measure. **ARC 5309B**

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Fiscal Impact The fiscal impact is estimated to be minimal. Most of the changes proposed are procedural and editorial. The substantive requirements reflect current industry standards that are already in widespread use.

ARC 5308B

Rule Summary The rule renumbers current wrestling and boxing rules, and clarifies the rules for Boiler and Pressure Vessel Special Inspector Commissioners to provide for the orderly renewal and revocation of commissions.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Ron Robinson (Ext. 16256)

NATURAL RESOURCE COMMISSION – DEPARTMENT OF NATURAL RESOURCES

ARC 5353B

Rule Summary Clarifies the use of horses and prohibits the use of paintball on game management areas. Horses are restricted except when used for hunting during open hunting seasons, and for non-organized pleasure riding between the dates of July 15 and October 1.

Fiscal Impact No fiscal impact.

ARC 5349B

Rule Summary The proposed rule establishes rental fees for cabins at Waubonsie State Park that were acquired when the Department of Natural Resources (DNR) purchased the WaShawtee property that was adjacent to the Park. This includes four modern two-bedroom cabins, a modern one-bedroom cabin, two two-bedroom camping cabins, a one-bedroom camping cabin, and one camping cabin with two rooms and an enclosed breezeway.

Fiscal Impact The additional revenue from cabin rental is estimated to generate \$80,000 per year.

ARC 5352B

Rule Summary Clarifies the expectations of recreational trail users where designated trails exist, incorporates the Department's policy on trail closure, and updates terminology and definitions.

Fiscal Impact No fiscal impact.

ARC 5348B

Rule Summary Changes the fish length limit regulations for walleye at specific lakes, lowers the minimum fish length limit for largemouth bass at Green Valley Lake, and removes the daily bag limit and size restriction for hybrid striped bass at Big Creek Lake.

Fiscal Impact No fiscal impact.

ARC 5354B

Rule Summary Establishes dates for waterfowl hunting seasons, shifts the zone boundary for the duck hunting zone north to U.S. Highway 30, and eliminates the area closed to Canada goose hunting around Red Rock Reservoir. The rule is filed emergency because there is not time to follow Administrative Procedures Act procedures in the time remaining before waterfowl hunting seasons begin.

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Fiscal Impact Minimal fiscal impact.

Rule Summary The proposed rule makes the following changes to the rules for the fall wild turkey hunting season: **ARC 5350B**

- Requires hunters who harvest a turkey to report their kill.
- Requires landowners and tenants to pre-register before obtaining free wild turkey licenses.
- Clarifies tagging requirements.

Fiscal Impact Minimal fiscal impact.

Rule Summary Specifies that a hunter in a deer population management zone hunt may forfeit his or her license and the right to participate the next year if he or she violates rules pertaining to the hunt. **ARC 5351B**

Fiscal Impact No fiscal impact.

STAFF CONTACT: Debra Kozel (Ext. 16767)

PAROLE BOARD

Rule Summary Adds language that a voluntary termination of parole is required to be reviewed by an administrative parole judge, and that the authority to determine incarceration rests with the administrative parole judge and not the parole officer. **ARC 5297B**

Fiscal Impact No fiscal impact.

Rule Summary Provides that an inmate on work release day reporting status is entitled to the same procedural rights as parolees. This is existing practice in compliance with a U.S. Supreme Court decision. **ARC 5296B**

Fiscal Impact No fiscal impact.

Rule Summary Provides that an inmate on parole who is convicted and sentenced for an aggravated misdemeanor offense is subject to automatic revocation of parole. This is existing practice in compliance with Section 908.10A, Code of Iowa. **ARC 5298B**

Fiscal Impact No fiscal impact.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

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PROFESSIONAL LICENSURE DIVISION – DEPARTMENT OF PUBLIC HEALTH

ARC 5294B

Rule Summary Barber Examiners – Allows applicants to postmark required supporting data and documentation within 14 days prior to examinations. The change reduces the number of days required for the information to be postmarked.

Fiscal Impact No fiscal impact.

ARC 5295B

Rule Summary Physician Assistant Examiners – Amends rule language to be consistent with 2006 legislative changes permitting prescribing stimulants with the prior approval and direction of a physician.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Lisa Burk (Ext. 17942)

DEPARTMENT OF PUBLIC HEALTH

ARC 5299B

Rule Summary Provides explanation for the five programs under the Center for Congenital and Inherited Disorders within the Department of Public Health (DPH), detailing activities and responsibilities, as well as the responsibilities of health care providers, birthing facilities, and laboratories in complying with the programs' function and activities.

Also, updates the newborn metabolic screening fee to \$97 for FY 2007, as screening for cystic fibrosis is being added to the mandated newborn metabolic screening panel by the Iowa Neonatal Metabolic Screening Program.

Fiscal Impact No fiscal impact. One dollar from each newborn metabolic screening fee is transferred to the DPH to support the State Coordinator for Genetic Services' salary.

STAFF CONTACT: Lisa Burk (Ext. 17942)

BOARD OF REGENTS

ARC 5370B

Rule Summary Adds an admission fee of \$100 for applicants in the PharmD program at the University of Iowa.

Fiscal Impact No significant fiscal impact.

STAFF CONTACT: Mary Shipman (Ext. 14617)

DEPARTMENT OF REVENUE

ARC 5321B

Rule Summary This rule sets forth amendments that clarify existing rules and remove obsolete rules or rule provisions relating to individual income, withholding, corporation income, franchise, fiduciary income, and inheritance tax.

Fiscal Impact No fiscal impact.

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ARC 5325B

Rule Summary Implements HF 2461 (FY 2007 Internal Revenue Code Update Act), which updates Iowa's tax laws to incorporate federal Internal Revenue Code changes made by Congress in 2005. House File 2461 also provides for a maximum deduction of \$2,000 for individual income tax for purchasers of clean motor fuel vehicles. This rule also implements SF 2312 (FY 2007 Veterans Appreciation Benefits Act), which provides for exclusions from income for grants received under the Injured Veterans Grant Program, and provides deductions for contributions made to the same program.

Fiscal Impact The estimated fiscal impact of the provisions of HF 2461 is a net General Fund increase of \$1.9 million for FY 2007 and a net General Fund increase of \$2.5 million for FY 2008. The positive impact relates to changes concerning the federal tax deduction. The fiscal impact of the provisions of SF 2312 are anticipated to be minimal.

ARC 5360B

Rule Summary These rules implement HF 2754 (FY 2007 Renewable Fuel Incentive Act) and HF 2759 (FY 2007 Renewable Fuel Infrastructure Act), which provide for the new E-85 gasoline and biodiesel-blended fuel tax credits for individual and corporation income tax. The rules also implement changes to the ethanol-blended gasoline tax credit.

Fiscal Impact The creation of three new renewable fuel income tax credits, along with the sunset of the current ethanol credit, is projected to reduce retailer's net income tax liability each year through FY 2026. The estimated fiscal impact to the General Fund is a decrease of \$740,000 for FY 2007 and a decrease of \$3.4 million for FY 2008, as reflected in the fiscal note for HF 2754. The new tax credits will also have other impacts on State finances, including an estimated decrease of \$2.0 million to the Renewable Fuel Infrastructure Fund in FY 2007 through FY 2009, costs associated with administrative expenses totaling an estimated \$1.0 million in FY 2007 and FY 2008, and a decrease of \$100,000 to the Road Use Tax Fund in FY 2008. Revenues to the Road Use Tax Fund are estimated to increase, however, in FY 2009 and each year thereafter.

ARC 5357B

Rule Summary These rules implement SF 2402 (FY 2007 Soy Based Transformer Fluid Tax Credit Act), which provides for a soy-based transformer fluid tax credit.

Fiscal Impact The credit is allowed for tax years ending after June 30, 2006, and beginning before January 1, 2008. The credit is \$2.00 per gallon for a maximum of 60,000 gallons. The tax credit is anticipated to reduce the net sales tax liability of electric utilities by a maximum of \$120,000. The credits will be redeemed or the tax refunded during FY 2007.

ARC 5358B

Rule Summary The rule changes provide for the following:

- Allow a reimbursement of replacement tax paid to electric utilities for the costs incurred in the transition from using non-soy-based transformer fluid to soy-based transformer fluid;
- Require that the secretary of the Property Assessment Appeal Board be notified if the Board's decision is protested to District Court by the taxpayer;

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- Require that members of the Property Assessment Appeal Board be State employees;
- Require the assessor to notify the school district if a protest is filed against an assessment of property valued at \$5.0 million or more;
- Allow a Homestead Property Tax Credit to the owner of a home if the land is owned by a community land trust and the homeowner is a member of the community land trust;
- Change the time period a veteran served in the Armed Forces to be eligible for the Military Service Property Tax Exemption from two years to 18 months;
- List the materials that may be used for a property tax exemption to be allowed on property used for recycling purposes;
- Permit vacant units in low-rent-housing-projects owned by nonprofit organizations recognized as such by the Internal Revenue Service and property under construction by such organizations to qualify for a property tax exemption;
- Allow a tax exemption on apartment buildings owned by a 501(c)(3) nonprofit community development organization in cities with a population of more than 110,000;
- Require that all property owners in an annexed area receive a tax exemption if the city council has elected to grant an exemption in the area;
- Exempt from taxation machinery, equipment, and fixtures at concrete batch plants and hot mix asphalt facilities;
- Exempt from taxation airport property owned by a city or county and leased to an operator providing aeronautical services to the public; and
- Exempt car wash equipment from taxation.

Fiscal Impact

The total annual net cost to the General Fund for the Military Property Tax Exemption is an estimated \$365,000, beginning in FY 2007, as reflected in the fiscal note for HF 2751 (FY 2007 Military Service Tax Credit Act). The other rule changes described above have a minimal fiscal impact.

ARC 5359B

Rule Summary

The amendment makes the following changes:

- Amends Chapter 86 to change all references to the Iowa Department of Revenue and Finance to the Iowa Department of Revenue.
- Amends 701 IAC subrule 86.2(1) by adding two new paragraphs to specify that estates that do not have an Iowa inheritance or estate tax due are also not required to file an Iowa inheritance tax return if specific criteria are met. In addition, the new language sets forth the procedures relating to the transfer of real property of an estate by filing an affidavit on behalf of an estate when no Iowa inheritance tax return is due or a tax clearance issued.

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- Amends 701 IAC subrule 86.9(450) to implement 2004 Iowa Acts, Chapter 1073, which provides that, effective for estates with decedents dying on or after July 1, 2004, the time period in which the Department has to obtain an appraisal of real property is now 60 days instead of 30 days from the date the return is filed with the department.
- Amends 701 IAC subrule 86.14(7) by adding new unnumbered paragraphs to implement 2004 Iowa Acts, Chapter 1073, and 2005 Iowa Acts, Chapter 38, which implements new types and procedures for filing a disclaimer of interest in an estate for estates with decedents dying on or after July 1, 2004.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Jess Benson (Ext. 14613)

SAVINGS AND LOAN DIVISION – DEPARTMENT OF COMMERCE

ARC 5355B

Rule Summary The rules relate to the electronic transfer of funds, and the amendments update existing rules to permit greater acceptance of debit cards at merchant locations.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Sam Leto (Ext. 16764)

SECRETARY OF STATE

ARC 5328B

Rule Summary The amendments are intended to reflect the reporting procedure for entities that participate in Agricultural Landholding.

Fiscal Impact No fiscal impact.

ARC 5371B

Rule Summary The amendments were developed in consultation with the county commissioners of elections after the primary election. The purpose of these amendments is to clarify the proper method for handling issues that were noted during the primary election.

Fiscal Impact No fiscal impact.

ARC 5340B

Rule Summary The amendments are intended to reflect the reporting procedure for entities that are Life Science Enterprises. This rule is intended to implement Chapter 10C, Code of Iowa.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Douglas Wulf (Ext. 13250)

STATE PUBLIC DEFENDER – DEPARTMENT OF INSPECTIONS AND APPEALS

ARC 5345B

Rule Summary Permits the appointed attorney to be reimbursed in certain termination of parental rights proceedings to comply with HF 2672 (FY 2007 Legal Counsel for Termination of Parental Rights Act). Also, amends the payment schedule for private court-

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appointed counsel to comply with the enactment of HF 2789 (FY 2007 Judicial Branch Fees and Costs Act).

Fiscal Impact The fiscal impact of amending the rules regarding termination of parental rights is estimated to be no more than \$6,000 annually (12 additional cases per year at \$500 per case).

The fiscal impact of amending the rules for payment of private counsel is estimated to be approximately \$3.0 million annually. House File 2789 directs the State Court Administrator to allocate \$3.0 million annually from the fees and fines collected by the clerks of District Court to the Office of the State Public Defender. These funds are to be used for payment of court-appointed counsel, and are in addition to the \$25.2 million appropriated from the General Fund in HF 2558 (FY 2007 Justice System Appropriations Act) for indigent defense.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

DEPARTMENT OF TRANSPORTATION

ARC 5327B
Rule Summary Amends rules that clarify the meaning of declaratory orders and the process for seeking them. Also, corrective amendments to Chapters 10, 11, 28 and 122 referring to the Director's Staff Division. This Division no longer exists.

Fiscal Impact No fiscal impact.

ARC 5330B
Rule Summary Various amendments to reflect changes regarding driver's licenses:

- In accordance with HF 216 (FY 2006 Motor Vehicles and Related Regulation Act): Amendments to reflect that a military extension is no longer limited to noncommercial Class C and Class M licenses; amendments to implement provisions regarding license issuance and license suspension for minors who do not attend school; and amendments relating to minor's school licenses to add language regarding the closest school bus stop or public transportation service.
- Changes the period of validity of noncommercial certain driver's licenses and nonoperator's identification cards from two or four years to five years, in accordance with Section 321.190(1)(d), Code of Iowa.
- In accordance with House File 2525 (FY 2006 Transportation Omnibus Act): Changes the period of validity of a motorcycle instruction permit and a noncommercial instruction permit from two years to four years; amends the Remedial Driver Improvement Action under Section 321.180B, Code of Iowa. With the change to the Remedial Driver Improvement Action, a person under 18 who holds a full license is subject to remedial action if the violation or accident occurred while the person held an instruction permit or intermediate license.
- Makes technical changes to endorsement and restriction codes. Also, Class M (motorcycle) is changed to motorcycle only, and Class M will not be added to another license class. Instead, if the licensee has another class of license, the motorcycle privilege will be a motorcycle endorsement added to the license.

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- Rescinds 761 IAC subrule 615.25(321). The subrule, which relates to the Driver's License Indebtedness Clearance Pilot Project, is obsolete. Senate File 2253 (FY 2006 Substantive Code Editor's Act) eliminated the Project.
- Amendments to provide that the Department may require a person subject to suspension under Section 321.210C, Code of Iowa, to complete a driver improvement program in lieu of suspension.
- Makes changes to the qualifications for a driver's education teacher and a behind-the-wheel instructor to remove the restriction that the driver's license held by the individual must be an Iowa license. The Department has waived the Iowa driver's license requirement for driver's education teachers and behind-the-wheel instructors several times. A permanent rule change is warranted.

Fiscal Impact No fiscal impact.

ARC 5329B

Rule Summary The amendment changes the Internet and mailing address for aircraft registration from the Office of Vehicle Services to the Office of Aviation.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Mary Beth Mellick (Ext. 18223)

DEPARTMENT OF VETERANS AFFAIRS

ARC 5180B and ARC 5179B

Rule Summary Implements the Injured Veterans Grant Program, providing \$10,000 in increments of \$2,500 if the injured veteran continues to be hospitalized or is receiving treatment from the military or Veterans' Administration.

Fiscal Impact House File 2080 (FY 2007 Military Homeowner, Supplemental Appropriations Act) appropriated \$1.0 million for FY 2007, and SF 2312 (FY 2007 Veterans Appreciation Benefit Act) provided for expenditure of the funds.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

WORKERS' COMPENSATION DIVISION – DEPARTMENT OF WORKFORCE DEVELOPMENT

ARC 5331B

Rule Summary The rules relate to forms and procedures to be used and followed in workers' compensation settlements and commutations subject to approval by the Workers' Compensation Commissioner; e-mail addresses and fax numbers in contested case proceedings; and reimbursement of the costs of a transcript when there is an appeal to the Workers' Compensation Commissioner from a proposed decision in a contested case proceeding.

Fiscal Impact No fiscal impact.

STAFF CONTACT: Ron Robinson (Ext. 16256)