



Fiscal Services Division

ADMINISTRATIVE RULES – FISCAL IMPACT SUMMARIES

5/3/2017

Iowa Code Section 17A.4(4) 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://www.legis.iowa.gov/law/administrativeRules/arrc/fiscalImpact>.

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Department of Human Services

ARC 3016C

Rule Summary Updates the maximum Medicaid rate for Intermediate Care Facilities for Individuals with an Intellectual Disability (ICF/IDs), which is used to determine the disposition of the income of a Medical Assistance Income Trust (MAIT). The maximum Medicaid rate for ICF/IDs increased from \$28,915 per month to \$29,240 per month. The increase will allow a minimal number of individuals to qualify for medical assistance with MAITs, as this slightly expands eligibility to apply for such benefits under Medicaid.

Agency Stated Authority: Iowa Code section 249A.4.

Fiscal Impact **Agency Response:** No fiscal impact. Any fiscal impact resulting from this rule would be a cost to the Medicaid program and not the State. However, it is unlikely many individuals will establish Medicaid eligibility through use of a MAIT given the marginal nature of this change.

LSA Response: The LSA concurs.

ARC 3017C

Rule Summary Amends current rules to conform to the following changes:

- Decreases the statewide average cost of nursing facility services to a private-pay person. The figure is being revised to reflect the decrease in the cost of private pay rates for nursing facility care in Iowa. The change is not related to rates paid by Medicaid for nursing facility care. The figure is used to determine a period of ineligibility when an applicant or recipient transfers assets for less than fair market value. The average monthly private-pay cost of nursing facility services decreased from \$5,809.13 to \$5,689.06.
- Updates the average charges for nursing facilities, Psychiatric Medical Institutions for Children (PMICs), and Mental Health Institutions (MHIs), which

are used to determine the disposition of income of a Medical Assistance Income Trust (MAIT). Nursing facility amounts are not related to the rates paid by Medicaid for nursing facility care.

- The average charge to a private-pay resident of nursing facility care decreased from \$5,267.00 per month to \$5,234.00 per month.
- The average charge for care in a PMIC remained the same as last year at \$7,999.00 per month.
- The average charge for care in a MHI decreased from \$29,708.00 per month to \$29,312.00 per month.

Agency Stated Authority: Iowa Code section 249A.4.

Fiscal Impact

Agency Response: Minimal fiscal impact. A decrease in the statewide average cost used to determine the period of ineligibility for long-term care services due to a transfer of assets may decrease Medicaid expenditures because the period of ineligibility for transfers will be longer. The change in the average statewide charges and maximum Medicaid rate, used for disposition of MAITs, may decrease Medicaid expenditures by allowing fewer individuals to become eligible by establishing a MAIT.

LSA Response: The LSA concurs.

ARC 3020C

Rule Summary

Allows the Department of Human Services (DHS) to implement and utilize the National Electronic Interstate Compact Enterprise (NEICE) system. NEICE is a secure, cloud-based electronic system for exchanging the data and documents needed to place children across state lines. The implementation of NEICE would accelerate the Interstate Compact on the Placement of Children process by improving efficiency and decreasing delays in placement approval.

Agency Stated Authority: Iowa Code section 234.6.

Fiscal Impact

Agency Response: No fiscal impact. The annual fee the State must pay to access NEICE is \$25,000. This cost may be decreased in the first year through financial assistance being provided to states by the federal Children's Bureau.

LSA Response: The LSA concurs.

ARC 3040C

Rule Summary

Revises outdated foster home regulations by aligning foster home requirements with child care regulations. Rules also revise contractor requirements for pre-service training for the Recruitment, Retention, Training, and Support (RRTS) contracts effective July 1, 2017.

Agency Stated Authority: Iowa Code section 217.6.

Fiscal Impact

Agency Response: No fiscal impact. These changes will not result in any change in reimbursement to foster parents, or in the cost to provide training to foster parents.

LSA Response: The LSA concurs.

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Department of Administrative Services

ARC 3041C

Rule Summary Updates procedures to permit the approval of agency out-of-state travel by the administrative head of an agency rather than the Executive Council.

Agency Stated Authority: Iowa Code section 8A.512A.

Fiscal Impact **Agency Response:** No fiscal impact.

LSA Response: The LSA concurs.

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Insurance Division

ARC 3032C

Rule Summary Revises definitions of “spot rate” and “synthetic guaranteed investment contract.” Requires that a plan of operations for a class of contracts must include criteria used by an insurer in evaluating the potential issuance of a pooled fund contract, criteria used to approve an investment manager for segregated portfolio assets associated with pooled fund contracts, and a description of risk-mitigation techniques used by an insurer in connection with contracts issued to pooled funds. Revises the calculation of the minimum value of guaranteed contract benefits under contracts issue to pooled funds representing multiple employer-sponsored plans, and requires that an actuarial memorandum be issued to clearly describe how withdrawal risks and dynamic lapse assumptions impact any future plan sponsor withdrawals.

Agency Stated Authority: Iowa Code section 505.8 and chapter 508.

Fiscal Impact **Agency Response:** No fiscal impact.

LSA Response: The LSA concurs.

ARC 3033C

Rule Summary Adds an internal audit function requirement to an insurer or group of insurers unless otherwise exempt from the requirements of these rules. The amendment is identical to the National Association of Insurance Commissioners model regulation except for stylistic and grammatical changes.

Agency Stated Authority: Iowa Code section 505.8.

Fiscal Impact **Agency Response:** No fiscal impact.

LSA Response: The LSA concurs.

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Accountancy Examining Board

ARC 3019C

Rule Summary Updates existing rules to conform to the Code of Professional Conduct of the American Institute of Certified Public Accountants (AICPA), effective August 31, 2016. Eliminates redundant, inconsistent, or incompatible rules. Retains supplemental rules, including those referencing continuing education.

Agency Stated Authority: Iowa Code section 542.4.

Fiscal Impact **Agency Response:** No fiscal impact.

LSA Response: The LSA concurs.

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Architectural Examining Board

ARC 3014C

Rule Summary Updates existing rules to conform to nonsubstantive changes to the Iowa Rules of Civil Procedure. The proposed amendments are a result of the five-year review of administrative rules outlined in Iowa Code section 17A.7(2).

Agency Stated Authority: Iowa Code section 544A.29.

Fiscal Impact **Agency Response:** No fiscal impact.

LSA Response: The LSA concurs.

ARC 3015C

Rule Summary Updates definitions and adds terminology regarding the Architectural Experience Program.

Agency Stated Authority: Iowa Code section 544A.29.

Fiscal Impact **Agency Response:** No fiscal impact.

LSA Response: The LSA concurs.

ARC 3022C

Rule Summary Reduces the number of continuing education hours necessary for individuals who are reinstating their licenses to active status. This conforms the practice to the current Board process.

Agency Stated Authority: Iowa Code section 544A.29.

Fiscal Impact **Agency Response:** No fiscal impact.

LSA Response: The LSA concurs.

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Interior Design Examining Board

ARC 3024C

Rule Summary Updates citations and the physical address of the Interior Design Examining Board, a result of the five-year rolling administrative rules review outlined in Iowa Code section 17A.7(2). Amendments are also made to the Board's staff structure, as well as to the length of individual membership terms. Additionally, several Code references are updated and clarified.

Agency Stated Authority: Iowa Code chapter 544C.

Fiscal Impact **Agency Response:** No fiscal impact.

LSA Response: The LSA concurs.

ARC 3025C

Rule Summary Outlines the process for registration, removing transition provisions, allowing for reciprocal registration, and relocating the rules on renewal and reinstatement for interior designers. Additional amendments define distance education; decrease the required number of continuing education hours and specify that all continuing education must be taken in health, safety, and welfare subjects; and allow registrants to take additional continuing education in cases where the Board disallows any continuing education.

Agency Stated Authority: Iowa Code chapter 544C.

Fiscal Impact **Agency Response:** No fiscal impact.

LSA Response: The LSA concurs.

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Early Childhood Iowa State Board

ARC 3011C

Rule Summary Updates existing rules pertaining to Early Childhood Iowa to conform to changes made by Senate File 2299 (2016 Early Childhood Iowa Act).

Agency Stated Authority: Iowa Code section 256I.9.

Fiscal Impact **Agency Response:** No fiscal impact.

LSA Response: The LSA concurs.

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Department of Education

ARC 3030C

Rule Summary Rescinds rules regarding the Administrative Advancement and Improvement Program.

Agency Stated Authority: Iowa Code section 256.7(5).

Fiscal Impact **Agency Response:** No fiscal impact.

LSA Response: The LSA concurs.

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ARC 3031C

Rule Summary

Amends existing rules to conform to [House File 2336](#) (2016 Mental Health Advocates, Conflict of Interest Act). Internal cross references and outdated terminology for students requiring special education are corrected.

Agency Stated Authority: Iowa Code section [256.7\(5\)](#).

Fiscal Impact

Agency Response: No fiscal impact.

LSA Response: The LSA concurs.

Rule Summary

Reflects updates of requirements for the funding of at-risk programming at elementary schools. Changes include the elimination of the competitive grant process and updates of eligibility criteria, the award allocation procedure, and the award termination process.

Agency Stated Authority: Iowa Code section [256.7\(21\)](#).

Fiscal Impact

Agency Response: No fiscal impact.

LSA Response: The LSA concurs.

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Educational Examiners Board

Rule Summary

Amends rule language regarding the appointment of the Board of Educational Examiners' executive director, prohibits withdrawing ethics complaints that are mandatory under Iowa Code, removes unnecessary fee language, and makes other minor corrections.

Agency Stated Authority: Iowa Code section [272.2\(1\)a](#).

Fiscal Impact

Agency Response: No fiscal impact.

LSA Response: The LSA concurs.

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Natural Resources Commission

Rule Summary

Updates deer hunting regulations applicable to Iowa residents, including season dates, bag limits, possession limits, shooting hours, areas open to hunting, licensing procedures, and transportation and reporting requirements.

Specific changes include the following:

- Updates antlerless deer quotas for 22 counties.
- Adds straight wall cartridge rifles as an approved method of take for the regular gun hunting seasons, and creates hunts for youth and severely disabled hunters.
- Clarifies the definition of "centerfire handgun" to reduce confusion regarding the type of handgun that is legal for use in hunting deer in Iowa.
- Allows persons with a valid permit to carry a handgun while hunting. However, only the handguns authorized for hunting deer can be used to hunt, and only when handguns are a lawful method of take.

ARC 3013C

ARC 3013C

Agency Stated Authority: Iowa Code section 455A.5.

Fiscal Impact

Agency Response: Minimal fiscal impact. The Department of Natural Resources estimates a small increase of resident antlerless deer license sales totaling approximately 1,800. The price of the license is \$28.50 (first license) or \$13.00 (additional licenses). It is unknown how many of each license will be sold, but the estimated increase in revenue to the Fish and Game Protection Fund ranges between \$23,000 and \$51,000 for FY 2018.

LSA Response: The LSA concurs.

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Professional Licensure Division

ARC 3021C

Rule Summary

Amends the Board of Barbering’s rulemaking on sanitation, renaming the process “Infection Control.” The amendments also implement the following changes:

- Revises definitions.
- Permits a jar of disinfectant to be kept centrally rather than at each work station.
- Establishes that disinfectants be EPA registered instead of containing specific ingredients.
- Revises blood exposure procedures.
- Combines the disinfection and sterilization rules into one rule and reflects proper cleaning procedures for clippers and shears.
- Removes the requirement of posting rules regulating shop sanitation at the front of the shop.
- Makes technical and conforming changes.

Agency Stated Authority: Iowa Code section 147.76.

Fiscal Impact

Agency Response: No fiscal impact.

LSA Response: The LSA concurs.

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Pharmacy Board

ARC 3037C

Rule Summary

Adds “telepharmacy practice” under the licensing type options for Limited Use Pharmacy Licenses and establishes a new IAC chapter to provide the standards of telepharmacy services for patients.

Agency Stated Authority: Iowa Code section 147.76.

Fiscal Impact

Agency Response: No fiscal impact.

LSA Response: The LSA concurs.

ARC 3038C

Rule Summary

Establishes new rules on the minimum standards of practice and licensing of Outsourcing Facilities, and amends current rules regarding compounding practices to make conforming changes.

Agency Stated Authority: Iowa Code sections 147.76 and 155A.13C.

Fiscal Impact **Agency Response:** No fiscal impact. Outsourcing facilities currently providing compounded products in Iowa are licensed as nonresident pharmacies. The differences in license and penalty fees are not substantial and will not have a substantial impact on the State's revenues or expenditures.

LSA Response: The LSA concurs.

Rule Summary Replaces existing rules with new identity application requirements, including minimum standards for inspections of nonresident pharmacies seeking licensure in Iowa, and application and registration requirements for the pharmacist in charge of a nonresident pharmacy. Proposed new rules provide directives for nonresident pharmacies subject to disciplinary action or criminal convictions to provide timely notice to the Board.

ARC 3039C

Agency Stated Authority: Iowa Code sections 147.76 and 155A.13A.

Fiscal Impact **Agency Response:** No fiscal impact.

LSA Response: The LSA concurs.

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Department of Revenue

Rule Summary Implements a change to the tax rates on motor fuels effective July 1, 2017. The change in the tax rates on motor fuels reflects a change in the ethanol distribution percentage for calendar year 2016. The rate of excise tax on motor fuels for the fiscal year is based on the ethanol distribution percentage as measured in the previous calendar year.

ARC 3036C

Agency Stated Authority: Iowa Code sections 421.14 and 452A.59.

Fiscal Impact **Agency Response:** The estimated fiscal impact of the rate change on the Road Use Tax Fund (RUTF) is an increase of \$5.9 million in FY 2018.

LSA Response: The LSA concurs in part with the agency's fiscal impact determination. The rules themselves have no fiscal impact as they implement a fuel tax rate change that is dictated by current law. The rate change required by current law is a reduction in the tax rate for gasoline gallons (nonblended) from the current rate of \$0.307 per gallon to \$0.305 per gallon. The agency response concludes that a reduction in the tax rate will produce more net tax revenue for the RUTF.

The details of the agency response indicate that the tax change will reduce gross fuel tax revenue by \$1.2 million in FY 2018, and that seems reasonable. The agency response further concludes that the tax rate reduction will reduce fuel tax refunds by \$7.1 million in FY 2018, and that does not seem reasonable.

The LSA concludes that the fiscal impact of the required law change is a fuel tax revenue reduction of approximately \$1.2 million for FY 2018.

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ARC 3043C

Rule Summary Amends current rules to conform to the changes implemented to the various renewable fuels tax credits and rebates contained in Senate File 2309 (2016 Biofuel Tax Incentive Extensions Act). Senate File 2309 extends the expiration dates of the E-15 Plus Gasoline Promotion Tax Credit, the E-85 Gasoline Promotion Tax Credit, the Biodiesel Blended Fuel Tax Credit, and the sales and use tax refund for biodiesel production. The Act also changes the credit amount of the Biodiesel Blended Fuel Tax Credit.

Agency Stated Authority: Iowa Code section 421.14.

Fiscal Impact Agency Response: The total fiscal impact of Senate File 2309 is estimated to be a reduction of \$183.8 million through FY 2027.

LSA Response: The LSA concurs with the Department’s General Fund impact estimate. The Act had four separate provisions with General Fund fiscal impacts. All four impacts are projected to reduce net General Fund revenue through the redemption of refundable tax credits and payments directly from tax revenue. The estimated total General Fund impact from FY 2018 through FY 2027 is a net revenue reduction of \$183.8 million. The projected reduction for each provision by fiscal year, as well as the summed total, is presented in the following table.

Projected Reduction in General Fund Revenue					
In millions. Due to rounding, rows and columns may not add to totals.					
	Biodiesel Production Payment	E-15	E-85	Biodiesel Blended Fuel Tax Credit	Total Impact
FY 2016	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0
FY 2017	0.0	0.0	0.0	0.0	0.0
FY 2018	0.9	0.0	0.0	0.0	0.9
FY 2019	4.0	0.1	0.6	3.2	7.9
FY 2020	4.1	0.6	2.7	16.5	23.8
FY 2021	4.1	0.7	3.1	17.1	25.0
FY 2022	4.2	0.8	3.4	17.3	25.6
FY 2023	4.2	0.8	3.7	17.6	26.4
FY 2024	4.3	0.9	4.0	17.9	27.1
FY 2025	3.2	1.0	4.3	18.1	26.5
FY 2026	0.0	0.8	3.6	14.8	19.6
FY 2027	0.0	0.1	0.3	0.5	0.9
Total	<u>\$ 29.0</u>	<u>\$ 5.9</u>	<u>\$ 25.7</u>	<u>\$ 122.9</u>	<u>\$ 183.8</u>

The Act also had a projected negative impact on the RUTF. The increased incentives available for biodiesel blended fuel in excess of B-10 were projected to reduce diesel fuel sales subject to the \$0.325 per gallon tax rate, and increase sales subject to the \$0.295 tax rate. This shift was projected to result in lower revenue from the tax on diesel fuel. The projected reduction in RUTF revenue was \$1.3 million per full calendar year. By fiscal year, the projected reduction equals the following:

- FY 2018 – \$413,000
- FY 2019 through FY 2024 – \$1.3 million per year
- FY 2025 – \$885,000

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Department of Transportation

ARC 3026C

Rule Summary Stipulates which records related to security, emergency preparedness, or disaster recovery should be treated confidentially. The Department is also correcting the title of the Ombudsman within its rules.

Agency Stated Authority: Iowa Code sections 307.12 and 307A.2.

Fiscal Impact **Agency Response:** No fiscal impact.

LSA Response: The LSA concurs.

ARC 3027C

Rule Summary Updates the procedure for verifying that a departmental notice was mailed. Streamlines the process of documenting when a notice was mailed by allowing the Department to develop a process for its mail unit to regularly check, confirm, and certify under penalty of perjury that the mailing was properly sent.

Agency Stated Authority: Iowa Code sections 307.12 and 307A.2.

Fiscal Impact **Agency Response:** No fiscal impact.

LSA Response: The LSA concurs.

ARC 3034C

Rule Summary Amends current rules to update several definitions, aligning special project purposes with current goals for passenger transportation outreach and coordination. Updates contact information and adds a new subrule regarding Iowa's public transit systems.

Agency Stated Authority: Iowa Code sections 307.12 and 307A.2.

Fiscal Impact **Agency Response:** No fiscal impact.

LSA Response: The LSA concurs.

ARC 3035C

Rule Summary Amends current rules to conform to federal Uniform Relocation Assistance and Real Property Acquisition Policies (Uniform Act). Other proposed rule amendments correct a Code citation and add the Department's website address.

Agency Stated Authority: Iowa Code sections 307.12, 307A.2, and 316.9.

Fiscal Impact **Agency Response:** No fiscal impact.

LSA Response: The LSA concurs.

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Labor Services Division

ARC 3029C

Rule Summary Adopts new federal Occupational Safety and Health Administration (OSHA) standards concerning beryllium and beryllium compounds. The OSHA determined that previous exposure limits were high enough to cause lung cancer and other diseases. The lower limits and other methods of controlling exposure are designed to protect worker health.

Agency Stated Authority: Iowa Code section 88.5.

Fiscal Impact **Agency Response:** Fiscal impact cannot be determined. The OSHA performed a detailed economic analysis for all industries and the nation as a whole. The federal study found \$78.0 million of annual costs and \$560.0 million of annual benefits by changing these standards. Once the rule is fully effective, it is anticipated that nationally, 90 fatalities and 46 illnesses will be prevented per year.

LSA Response: The LSA concurs.

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Department of Workforce Development

ARC 3028C

Rule Summary Provides the Iowa Department of Workforce Development with a framework from which to operate in regard to technology and modern efficiencies by changing the procedures for preparing and participating in unemployment appeal hearings.

Agency Stated Authority: Iowa Code section 96.11.

Fiscal Impact **Agency Response:** No fiscal impact. The Department will be able to implement these changes and updates utilizing existing personnel and resources.

LSA Response: The LSA concurs.

Economic Development Authority

ARC 3023C

Rule Summary Updates the Iowa Tourism Grant Program to emphasize the economic impact of each project, clarifies eligible and ineligible expense requirements, and limits applications to one per fiscal year.

Agency Stated Authority: Iowa Code section 15.106A.

Fiscal Impact **Agency Response:** No fiscal impact to the State.

LSA Response: The LSA concurs.

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Workers' Compensation Division

ARC 3044C

Rule Summary Updates references to payroll tax withholdings for purposes of determining weekly workers' compensation payments.

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Agency Stated Authority: Iowa Code section 86.8.

Fiscal Impact **Agency Response:** No fiscal impact.

LSA Response: The LSA concurs.

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