

TRANSPORTATION DEPARTMENT[761]

Adopted and Filed

Rulemaking related to capital match revolving loan fund

The Department of Transportation hereby rescinds Chapter 923, “Capital Match Revolving Loan Fund,” Iowa Administrative Code, and adopts a new Chapter 923 with the same title.

Legal Authority for Rulemaking

This rulemaking is adopted under the authority provided in 1985 Iowa Acts, chapter 265.

State or Federal Law Implemented

This rulemaking implements, in whole or in part, 1985 Iowa Acts, chapter 265.

Purpose and Summary

This chapter is intended to implement 1985 Iowa Acts, chapter 265, regarding creation of a Capital Match Revolving Loan Fund for Iowa’s public transit systems.

Public Comment and Changes to Rulemaking

Notice of Intended Action for this rulemaking was published in the Iowa Administrative Bulletin on December 10, 2025, as **ARC 9789C**. Public hearings were held on the following date:

- December 30, 2025

No one attended the public hearings. No public comments were received. No changes from the Notice have been made.

Adoption of Rulemaking

This rulemaking was adopted by the Department on February 17, 2026.

Fiscal Impact

This rulemaking has no impact to the State of Iowa. This rulemaking outlines the interest-free Capital Match Revolving Loan Fund available to public transit systems to assist with federally or State-funded capital purchases.

Jobs Impact

This rulemaking establishes criteria for receipt and award of interest-free match loans, enabling Iowa’s public transit agencies to procure capital items in a timely manner by providing local matches to the federal or State capital funding.

Waivers

Any person who believes that the application of the discretionary provisions of this rulemaking would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any, pursuant to 761—Chapter 11.

Review by Administrative Rules Review Committee

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rulemaking by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rulemaking at its [regular monthly meeting](#) or at a special meeting. The Committee’s meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

Effective Date

This rulemaking will become effective on April 22, 2026.

The following rulemaking action is adopted:

ITEM 1. Rescind 761—Chapter 923 and adopt the following **new** chapter in lieu thereof:

CHAPTER 923
CAPITAL MATCH REVOLVING LOAN FUND

761—923.1(71GA,ch265) General information.

923.1(1) *Scope of chapter.* The general assembly appropriated money from the petroleum overcharge fund to the department to be used as a revolving loan fund for transit capital purchases by public transit systems. The revolving loan fund enables public transit systems to obtain the matching funds needed to qualify for capital purchases under state-funded or federally funded programs. The fund provides interest-free loans to public transit systems to allow faster capital acquisitions. Loan recipients shall demonstrate the ability to repay the loan from budgeted funds or revenues.

923.1(2) *Information.* Requests for information and assistance with the preparation and submission of loan requests should be directed to the Modal Transportation Bureau, Iowa Department of Transportation, 800 Lincoln Way, Ames, Iowa 50010; or by telephone at 515.233.7870. Information is also available on the department’s website at iowadot.gov/modes-travel/transit.

923.1(3) *Definitions.*

“*Project*” means a concerted set of actions that will develop, maintain or improve one or more elements of the public transit system’s service.

“*Public transit system*” means the same as defined in Iowa Code section 324A.1.

“*Van pool*” means the same as defined in Iowa Code section 325A.12.

761—923.2(71GA,ch265) System eligibility. A public transit system is eligible to request a capital match revolving loan provided that the public transit system complies with all of the following criteria:

923.2(1) Abides by all applicable state and federal laws and regulations.

923.2(2) Maintains primary documentation for all revenues and expenses for a period of at least three years following contract closeout.

923.2(3) Maintains the system’s policies, routes, schedules, fare structure and budget in a manner that encourages public review, responsiveness to user concerns, energy conservation and fiscal solvency.

761—923.3(71GA,ch265) Project eligibility.

923.3(1) A project is eligible if it meets all of the following criteria:

a. The project is a transit-related capital purchase (e.g., new or replacement vehicles, facilities or both).

b. The project is an identifiable transit need and is included in the public transit system’s adopted transportation improvement program.

c. The local funding needed for the project justifiably exceeds the public transit system’s capital match funding capability.

923.3(2) A project to purchase vans for a van pool may be submitted by an individual or a group through the appropriate local public transit system. A van pool project is eligible for an interest-free loan from the revolving loan fund only after funds for all other projects have been allocated as of July 1 each year.

761—923.4(71GA,ch265) Procedure.

923.4(1) *Funding request.* The public transit system shall submit a funding application for the proposed project to either the department or to the Federal Transit Administration, depending on the type of funding requested.

923.4(2) *Loan request.* The appropriate time for a public transit system to submit a request for a revolving fund loan to the department is with the annual grant application, but a request may be submitted at any time if a specific need arises. The request is to include but not be limited to:

- a.* A description and cost estimate of the proposed project.
- b.* An explanation of the benefits, including projected energy conservation benefits, to be gained from the project.
- c.* An explanation and justification of need for the loan.
- d.* A proposed schedule of when funds will be needed for the project.
- e.* A proposed loan repayment plan with schedule and source of funds.

923.4(3) *Criteria for selection.* The department will review each loan request and evaluate the project for funding. Based on the following criteria (in no particular order), preference is given to public transit capital projects that:

- a.* Foster coordination among transit services.
- b.* Enhance local or regional economic development.
- c.* Increase federal funding to the state.
- d.* Extend services to the transportation disadvantaged.
- e.* Promote energy conservation.
- f.* Use the loan as only a portion of the local matching funds required.

923.4(4) *Approval.* Based on available funds, the department will approve loans for projects meeting the criteria in rule 761—923.3(71GA,ch265).

923.4(5) *Agreement.* Upon approval, the department will prepare a loan contract and send it to the public transit system for execution.

923.4(6) *Default.* If a public transit system fails to make a loan payment as agreed in the contract, the department may, at its option, deduct the amount of any past due loan payment from state transit assistance payments allocated to that transit system.

These rules are intended to implement 1985 Iowa Acts, chapter 265.

[Filed 2/25/26, effective 4/22/26]

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EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 3/18/26.