Regulatory Analysis

Notice of Intended Action to be published: 265—Chapter 28
"Wastewater and Drinking Water Treatment Financial Assistance Program"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 16.5(1)"r" and 16.134
State or federal law(s) implemented by the rulemaking: Iowa Code sections 16.134 and 16.135

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

July 1, 2025	1963 Bell Avenue
2:15 to 2:30 p.m.	Des Moines, Iowa

Public Comment

Any interested person may submit written comments concerning this Regulatory Analysis, which must be received by the Iowa Finance Authority no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

Lisa Connell
Iowa Finance Authority
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Des Moines, Iowa 50315
Email: lisa.connell@iowaeda.com

Purpose and Summary

Pursuant to Executive Order 10, the Authority proposes to rescind Chapter 28 and adopt a new chapter in lieu thereof. The chapter describes the policies and procedures applicable to the Wastewater and Drinking Water Treatment Financial Assistance Program. The program provides grants to install or upgrade wastewater treatment facilities and systems and drinking water treatment facilities and systems, including source water protection projects, and for engineering or technical assistance for facility planning and design.

Analysis of Impact

1. **Persons affected by the proposed rulemaking:**

- **Classes of persons that will bear the costs of the proposed rulemaking:**

Entities that apply for and are approved for grants through the program will bear the costs of the rulemaking.

- **Classes of persons that will benefit from the proposed rulemaking:**

Entities that apply for and are approved for grants will benefit from clarity and streamlining of the rules.

2. **Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:**

- **Quantitative description of impact:**

Entities interested in applying for grants may require staff time to complete an application. Recipients may similarly incur costs to comply with reporting and monitoring requirements. Some applicants may choose to rely on an external service provider to complete these tasks. The amount of the costs will vary, depending on the compensation of staff or service providers involved.

- **Qualitative description of impact:**

Entities that apply for and are approved for grants will benefit from clarity and streamlining of the rules.

3. **Costs to the State:**

- **Implementation and enforcement costs borne by the agency or any other agency:**

Authority staff time is required to review and approve applications, administer grants, and communicate with program applicants and recipients.

- **Anticipated effect on State revenues:**

This rulemaking has no fiscal impact. The program is funded pursuant to Iowa Code section 16.134A.

4. **Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:**

Only the entities that will potentially benefit from financial assistance bear the costs of the rulemaking. The costs to the State to administer the program are proportional to the activities supported by financial assistance.

5. **Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:**

The Authority has not identified less costly methods or less intrusive methods of administering the program.

6. **Alternative methods considered by the agency:**

- **Description of any alternative methods that were seriously considered by the agency:**

The Authority did not consider any alternative methods.

- **Reasons why alternative methods were rejected in favor of the proposed rulemaking:**

The Authority did not consider any alternative methods.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

The proposed rules do not have a substantial impact on small business. The rules do not establish design or operational standards.

Text of Proposed Rulemaking

ITEM 1. Rescind 265—Chapter 28 and adopt the following **new** chapter in lieu thereof:

CHAPTER 28
WASTEWATER AND DRINKING WATER TREATMENT FINANCIAL ASSISTANCE PROGRAM

265—28.1(16) Definitions.

"Authority" means the Iowa finance authority created in Iowa Code section 16.1A.

"Committee" means the water quality financing review committee created pursuant to Iowa Code section 16.134(10).

"Costs" means all expenses incurred by the recipient and determined by the authority as reasonable and necessary to carry out a project.

"Program" means the same as defined in Iowa Code section 16.134(1).

"Project" means the installation or upgrade of wastewater treatment facilities and systems and drinking water treatment facilities and systems, including source water protection projects, and engineering or technical assistance for facility planning and design.

"Recipient" means the entity receiving funds from the program.

265—28.2(16) Project funding. The committee will approve or deny applications for grants through the program in accordance with the priorities listed in Iowa Code section 16.134 and subject to the limitations therein. The committee will determine the weighting of priorities on an annual basis.

265—28.3(16) Administration.

28.3(1) The authority will notify successful applicants in writing of an approved application for a grant. The terms of the grant may be negotiated by the authority and shall be included in a written agreement with the recipient. The agreement may include any other term that the authority deems necessary or convenient for the efficient administration of the program. All eligible costs shall be documented to the satisfaction of the authority before grant funds may be disbursed.

28.3(2) The recipient shall maintain records that document all costs associated with the project. The recipient shall provide access to these records to the authority, the auditor of the state of Iowa, or their agents or designees upon request. The recipient shall retain such records and documents for a period of three years from the date of the final disbursement of grant funds.

28.3(3) The recipient shall provide the authority or its agents or designees access to the project site on request for the duration of the grant to verify that the funds are being used for the purpose intended, that the construction work meets applicable state and federal requirements, and that the project is being operated and maintained as designed.

28.3(4) The recipient's accounting procedures shall conform to generally accepted government accounting standards.

28.3(5) The recipient shall comply with all applicable federal and state requirements of the project and its operations.

28.3(6) The authority may, for cause, find that a recipient is not in compliance with the requirements of the program. Remedies for noncompliance may include penalties up to and including withholding of or return of grant funds. Findings of noncompliance may include but are not limited to the use of grant funds for activities not described in the application for the grant; failure to begin construction within one year of execution of a grant agreement; or failure to comply with any applicable state or federal rules, regulations, or laws.

These rules are intended to implement Iowa Code sections 16.134 and 16.135.