**Regulatory Analysis**

Notice of Intended Action to be published: 261—Chapter 21
"Length of Service Awards Program Grant Fund"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 15.106A

State or federal law(s) implemented by the rulemaking: Iowa Code section 100B.52 as enacted by 2025 Iowa Acts, House File 1002

*Public Hearing*

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

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|---|---|
| August 12, 2025 | 1963 Bell Avenue |
| 3:30 to 3:45 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 Economic Development Authority (Authority) no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

Lisa Connell
Iowa Economic Development Authority
1963 Bell Avenue, Suite 200
Des Moines, Iowa 50315
Email: lisa.connell@iowaeda.com

*Purpose and Summary*

Pursuant to Iowa Code section 100B.52 as enacted by 2025 Iowa Acts, House File 1002, the Authority proposes to adopt Chapter 21. The chapter describes the policies and procedures applicable to the Length of Service Awards Program Grant Fund. The program provides awards to municipalities that have established length of service awards programs for volunteer firefighters, volunteer emergency medical care providers, and reserve peace officers. The chapter will set forth eligibility requirements, application procedures and review processes for the program.

*Analysis of Impact*

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

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

Municipalities interested in applying for or receiving assistance through the program will bear the costs of the proposed rulemaking.

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

Municipalities interested in applying for or receiving assistance through the program will benefit from the proposed rulemaking. Volunteer firefighters, volunteer emergency medical care providers, and reserve peace officers serving municipalities that have established length of service awards programs will benefit from the rulemaking.

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:**

Municipalities interested in applying for financial assistance may require staff time to complete an application for financial assistance. Recipients may similarly incur costs to comply with monitoring requirements of the program. 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:**

The program provides awards to municipalities that have established length of service awards programs for volunteer firefighters, volunteer emergency medical care providers, and reserve peace officers.

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, draft and execute program contracts, disburse funds and communicate with program applicants and recipients.

- **Anticipated effect on State revenues:**

The proposed chapter will have no anticipated impact on State revenues. 2025 Iowa Acts, House File 1002, appropriated $1.5 million for the program.

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

Only the municipalities that will potentially benefit from financial assistance bear the costs of the proposed 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 any less costly methods or less intrusive methods for 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 other methods.

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

The Authority did not consider any other 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 are no more than necessary to administer the statutory requirements of the program.

*Text of Proposed Rulemaking*

ITEM 1. Adopt the following **new** 261—Chapter 21:

CHAPTER 21
LENGTH OF SERVICE AWARDS PROGRAM GRANT FUND

**261—21.1(15) Purpose.** The length of service awards program grant fund is created pursuant to and for the purposes stated under Iowa Code section 100B.52 as enacted by 2025 Iowa Acts, House File 1002.

**261—21.2(15) Definitions.**

*"Applicant"* means an eligible municipality that is applying for a grant.

*"Authority"* means the economic development authority established pursuant to Iowa Code section 15.105.

*"Emergency medical care provider"* means the same as defined in Iowa Code section 147A.1.

*"Grant"* means financial assistance provided by the authority from the length of service awards program grant fund established pursuant to Iowa Code section 100B.52 as enacted by 2025 Iowa Acts, House File 1002, and administered pursuant to this chapter.

*"Municipality"* means the same as defined in Iowa Code section 100B.21.

*"Participant"* means a volunteer emergency medical care provider, reserve peace officer or volunteer firefighter receiving funds under a program.

*"Program"* means a length of service award program created by an applicant that meets the requirements set forth in Iowa Code section 100B.51 as enacted by 2025 Iowa Acts, House File 1002, and Title 26 of the U.S. Code (26 U.S.C. Section 457(e)(11)).

*"Recipient"* means a municipality that has been awarded a grant.

*"Reserve peace officer"* means the same as defined in Iowa Code section 80D.1A.

*"Volunteer"* means the same as defined in Iowa Code section 100B.51 as enacted by 2025 Iowa Acts, House File 1002.

*"Volunteer firefighter"* means the same as defined in Iowa Code section 85.61.

**261—21.3(15) Eligible applicants.** To be eligible for a grant, an applicant must be a municipality that has:

**21.3(1)** Created a program by resolution or ordinance from the municipality's governing body for volunteer emergency medical care providers, volunteer firefighters and reserve peace officers.

**21.3(2)** Adopted guidelines for the municipality's program, in consultation with the chief or other person in command of the fire and police departments serving the applicant, which satisfy all of the eligibility, vesting, distribution and other requirements set forth in Iowa Code section 100B.51 as enacted by 2025 Iowa Acts, House File 1002.

**21.3(3)** Created a dedicated account for the sole purpose of funding and managing its program.

**261—21.4(15) Application procedures.** An applicant will be required to:

**21.4(1)** Electronically file the applicant's grant application in the form and content prescribed by the authority.

**21.4(2)** Provide the authority with a certified copy of a resolution or ordinance from the applicant's governing body creating a qualified program.

**21.4(3)** Provide the authority with documentation, in the form of a written opinion from independent legal counsel or certified public accountant or a private letter ruling from the Internal Revenue Service, that, under the applicant's program, funds contributed for the benefit of participants will not be taxable for the purposes of the Internal Revenue Code until actual receipt of such funds by participants due to retirement, termination, death or disability.

**21.4(4)** Certify that the applicant's participants are not participating in any other municipality's program.

**261—21.5(15) Application review process.** An application will be reviewed by the authority for funding approval based on an applicant's eligibility and the completeness of the applicant's application. Based on the review process and subject to available funding, the authority may revise the applicant's overall funding request pursuant to Iowa Code section 100B.52 as enacted by 2025 Iowa Acts, House File 1002.

**261—21.6(15) Matching contributions.** A recipient shall meet the match requirements specified in Iowa Code section 100B.52 as enacted by 2025 Iowa Acts, House File 1002.

**261—21.7(15) Administration.**

**21.7(1)** The authority will notify a successful applicant in writing of the applicant's approved application for funding and prepare an agreement that reflects the terms of the grant award. The successful applicant must execute and return the agreement to the authority within 60 days of the transmittal of the final agreement from the authority. Failure to do so may result in the authority terminating the award.

**21.7(2)** Following execution of the final agreement, the authority will deposit the grant funds directly into a recipient's dedicated account for its program via an electronic transfer.

**21.7(3)** A recipient shall allow access by the Office of Auditor of State, the authority or the authority's designee to all books, accounts, reports and other records pertaining to the recipient's receipt of a grant, management of and contributions made to the recipient's dedicated program account, and the administration of the recipient's program.

**21.7(4)** Should the authority find that a recipient is not in compliance with any of the requirements for receiving a grant, the authority may employ any remedies it deems appropriate, including but not limited to the following:

*a.* Issue a warning letter stating that continued failure to comply with grant requirements within a stated period of time will result in a more serious action.

*b.* Condition a future award on correcting compliance issues.

*c.* Require that some or all of the awarded funds be remitted to the authority.

*d.* Elect not to provide future award funds to the recipient until appropriate actions are taken to ensure compliance.

*e.* Prohibit a future award of funds.

**261—21.8(15) References.** All references to the United States Code in this chapter are to the laws as in effect [effective date of this rulemaking].

These rules are intended to implement Iowa Code section 100B.52 as enacted by 2025 Iowa Acts, House File 1002.