Regulatory Analysis

Notice of Intended Action to be published: 761—Chapter 922
"Federal Transit Assistance"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 324A

State or federal law(s) implemented by the rulemaking: Iowa Code chapter 324A and 49 U.S.C. Sections 5310, 5311 and 5339

Public Hearing

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

October 22, 2025 9:30 to 10 a.m.	Microsoft Teams Or dial: 515.817.6093 Conference ID: 231 277 560#

Public Comment

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

Kristin Haar
800 Lincoln Way
Ames, Iowa 50010
Email: kristin.haar@iowadot.us

Purpose and Summary

This proposed chapter is intended to implement Iowa Code chapter 324A, regarding the receipt and distribution of federal aid to Iowa's public transit systems.

Analysis of Impact

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

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

No class of person will bear any costs of this proposed rulemaking.

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

Rural and small urban public transit systems will benefit from this proposed rulemaking since such entities are ineligible to receive federal transit funding directly.

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:**

The minimum amount of funding accessed from the Federal Transit Administration (FTA) annually for Iowa's rural and small urban public transit systems is approximately $24.6 million.

- **Qualitative description of impact:**

This proposed chapter allows the Department to apply for and distribute federal funding otherwise inaccessible to Iowa's rural and small urban public transit systems.

3. **Costs to the State:**

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

There are no costs to the Department to implement or enforce this proposed chapter.

- **Anticipated effect on State revenues:**

No revenues are affected.

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

Without access to federal transit funding, ridership at Iowa's small urban and rural public transit systems would drop dramatically. Nearly 15 million rides were provided by these transit systems in FY 2024. This would negatively impact the businesses reliant upon public transit to transport the businesses' employees and customers and the transit-dependent riders who would not be able to access health care and groceries.

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

There are no less costly or less intrusive methods to achieve the purpose of this proposed chapter.

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

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

No alternative methods were considered by the Department.

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

Not applicable.

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?

This proposed chapter would not have a substantial impact on small business since those businesses would be eligible for the same assistance as other larger businesses.

Text of Proposed Rulemaking

ITEM 1. Rescind 761—Chapter 922 and adopt the following **new** chapter in lieu thereof:

CHAPTER 922
FEDERAL TRANSIT ASSISTANCE

761—922.1(324A) Projects for nonurbanized areas and private nonprofit transportation providers.

922.1(1) *General information.* As required by 49 U.S.C. Sections 5310, 5311 and 5339, the department has been designated by the governor to administer the following programs within Iowa, subject to review by the Federal Transit Administration (FTA):

a. The enhanced mobility of seniors and individuals with disabilities program, providing federal financial assistance for support of public transportation service to improve mobility for seniors and individuals with disabilities.

b. The rural areas formula grants program, providing federal financial assistance for support of public transportation in rural areas with populations of less than 50,000 as defined by the U.S. Census Bureau.

c. The grants for buses and bus facilities program, providing federal financial assistance for support of capital acquisitions for public transportation providers.

922.1(2) *State management plan.*

a. The federal transit assistance programs referenced in subrule 922.1(1) will be administered according to the "Iowa State Management Plan for Administration of Funding and Grants Under the Federal Transit Administration, Sections 5310, 5311, 5316, 5317 and 5339 Programs," dated May 2020, prepared by the department and approved by the FTA in conformance with FTA Circulars 9040.1H and 9070.1H.

b. Copies of the state management plan are available from the modal transportation bureau, Iowa Department of Transportation, 800 Lincoln Way, Ames, Iowa 50010; by telephone 515.233.7870; or on the department's website at www.iowadot.gov/transit.

This rule is intended to implement Iowa Code chapter 324A and 49 U.S.C. Sections 5310, 5311 and 5339.