



## **Overview of Water Quality Bill (SF 512/HF2440)**

The Water Quality bill (SF512) transfers a portion of the current sales tax on water bills to four programs. Two are administered by IFA and two by Iowa Department of Ag and Land Stewardship (IDALS). A brief description of the two funds administered by IFA is below. IFA is responsible for writing rules for the programs we administer. We will be working with DNR and IDALS as those rules are written. These funds are not a traditional appropriation. The funds will flow into the different programs over time as the tax is collected and redistributed. We won't receive the final transfer from Dept. of Revenue for FY19 until August 24, 2019. The transfer of funds ends July 1, 2029 or if the sales tax is increased to fund the Natural Resource and Recreation Trust Fund.

### **Wastewater and Drinking Water Treatment Financial Assistance Fund (16.134)**

The bill amends an existing program to give grants to water and wastewater projects. The grant awardees are determined by a committee consisting of the Secretary of Agriculture (or designee), the Executive Director of IFA (or designee) and the Director of DNR (or designee). Grants will be awarded annually and used for improvements to wastewater and drinking water treatment facilities, including source water protection projects. The maximum grant award is \$500,000. Priority is to be given to:

- Disadvantaged communities
- Projects that will significantly improve water quality in their watershed
- Projects that use alternative wastewater treatment technologies (all projects proposing alternative technologies must be approved by DNR)
- Communities with the highest sewer or water rates
- Projects that use technology to address nutrient reduction
- Projects that will improve source waters for drinking water utilities

### **Water Quality Financing Program (16.144)**

This is a new revolving loan fund which is to be a permanent source of water quality financial assistance. Financial assistance can be in the form of loans, forgivable loans or grants. However, but since the fund is to be perpetual, it is unlikely there will be many grants or forgivable loans awarded. The purpose is to provide financial assistance to projects that improve water quality with a higher prioritization to collaborative efforts. Applicants are to submit a plan that includes one or more projects that will improve water quality. The projects should use practices identified in the Nutrient Reduction Strategy. The plan will include all entities involved in the projects, the cost of the project(s) and the sources of funding. The number of partners involved in the project (municipalities, landowners, public utilities, rural water associations) is to be taken into account when evaluating applications. Scoring criteria will be determined by rules. Financial assistance will only be awarded to those entities with sufficient financial capacity. The interest rate and terms of the loans will be determined by IFA.

For questions, please contact Lori Beary at [lori.beary@iowa.gov](mailto:lori.beary@iowa.gov)

Estimated Revenue for Water Quality

	IFA	IFA	IDALS	IDALS
	WW & DW FAP Grants 16.134	WQ Revolving Loan Fund 16.144	IDALS urban infrastructure 466B.44	IDALS - DSC WQ Ag Inf. 466B.43
	40%	45%	15%	
FY19	\$782,000	\$879,750	\$293,250	\$1,955,000
FY20	\$1,600,000	\$1,800,000	\$600,000	\$4,000,000
FY21	\$4,928,000	\$5,544,000	\$1,848,000	\$15,000,000
FY22	\$5,052,000	\$5,683,500	\$1,894,500	\$15,000,000
FY23	\$5,200,000	\$5,850,000	\$1,950,000	\$15,000,000
FY24	\$5,320,000	\$5,985,000	\$1,995,000	\$15,000,000
FY25	\$5,440,000	\$6,120,000	\$2,040,000	\$15,000,000
FY26	\$5,600,000	\$6,300,000	\$2,100,000	\$15,000,000
FY27	\$5,760,000	\$6,480,000	\$2,160,000	\$15,000,000
FY28	\$5,920,000	\$6,660,000	\$2,220,000	\$15,000,000
FY29	\$6,080,000	\$6,840,000	\$2,280,000	\$15,000,000
Total	\$51,682,000	\$58,142,250	\$19,380,750	\$140,955,000