

Red Tape Review Rule Report (Due: September 1, 2025)

Department Name:	IFA	Date:	5/23/25	Total Rule Count:	8
IAC #:	265	Chapter/ SubChapter/ Rule(s):	Chapter 46	Iowa Code Section Authorizing Rule:	Chapter 16, subchapter X, part 4
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PLEASE NOTE, THE BOXES BELOW WILL EXPAND AS YOU TYPE

What is the intended benefit of the rule?

The intended benefit of chapter 46 is to describe the policies and procedures applicable to the water quality financing program. The program provides grants and loans to enhance the quality of surface water and groundwater.

Is the benefit being achieved? Please provide evidence.

Yes. The authority is able to effectively award and administer grants and loans through the program.

What are the costs incurred by the public to comply with the rule?

Entities interested in applying for the program may require staff time to complete an application to receive a grant or loan. Recipients of grants and loans may similarly incur costs to comply with reporting and monitoring requirements of the program. Some applicants/recipients may choose to rely on an external service provider to complete these tasks, such as a grant writer or consultant. The amount of the costs will vary, depending on the compensation of staff or service providers involved. The application and reports require minimal time to complete.

What are the costs to the agency or any other agency to implement/enforce the rule?

IFA staff time is required to review and prepare applications for approval, draft and execute program contracts, disburse funds, review reports, and communicate with program applicants and recipients.

Do the costs justify the benefits achieved? Please explain.

Yes. Only entities that will potentially benefit from the program incur any costs. The costs to the state to administer the program are proportional to the activities supported.

Are there less restrictive alternatives to accomplish the benefit? YES NO

If YES, please list alternative(s) and provide analysis of less restrictive alternatives from other states, if applicable. If NO, please explain.

The application and administrative requirements of the rules are no more than necessary to implement the purposes of the program.

Does this chapter/rule(s) contain language that is obsolete, outdated, inconsistent, redundant, or unnecessary language, including instances where rule language is duplicative of statutory language? [list chapter/rule number(s) that fall under any of the above categories]

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Yes.

Rule 46.1 repeats statutory language and should be eliminated.

Rule 46.2 should be updated to eliminate unnecessary definitions and language that repeats statutory language. New definitions should be added for clarity later in the chapter.

Rule 46.3 should be eliminated and language relating to administration of awards added to a new rule.

Rule 46.4 should be updated to be more concise and focused on the application and approval process for the program.

Rule 46.5 should be eliminated and language relating to administration of awards added to a new rule.

Rule 46.6 should be combined with rule 46.7.

Rule 46.7 should be more concise and eliminate repetition of statutory language.

A new rule should be added to the chapter to combine parts of the existing chapter relating to administration of awards.

The implementation sentence should be updated to reflect implementation of section 16.134A and chapter 16, subchapter X, part 4.

Rules throughout the chapter should be renumbered due to elimination of rules 46.1, 46.3, 46.5, and 46.6.

RULES PROPOSED FOR REPEAL (list rule number[s]):

46.1

46.3

46.5

46.6

***RULES PROPOSED FOR RE-PROMULGATION* (list rule number[s] or include text if available):**

CHAPTER 46
WATER QUALITY FINANCING PROGRAM

265—46.1(16) Definitions.

“*Authority*” means the Iowa finance authority created in Iowa Code section 16.1A.

“*Cost*” means the same as defined in Iowa Code section 16.151.

“*Financial assistance*” means assistance provided by the authority in the form of grants, loans, or forgivable loans.

“*Municipality*” means the same as defined in Iowa Code section 16.151.

“*Program*” means the same as defined in Iowa Code section 16.151.

“*Project*” means the same as defined in Iowa Code section 16.151.

265—46.2(16) Application and approval.

46.2(1) Annual applications. The authority will accept applications for financial assistance annually.

46.2(2) Plan requirements. Each application must include a plan that meets the criteria of Iowa Code section 16.154(1).

46.2(3) Review. The authority’s review of applications for financial assistance shall include the considerations identified in Iowa Code section 16.154(2).

46.2(4) Approval. Complete and eligible applications that are recommended for approval based on the criteria in in Iowa Code section 16.154(2) will be considered by the authority board. The board may approve, deny, or defer an application.

265—46.3(16) Administration.

46.3(1) The authority will notify successful applicants in writing of an approved application for financial assistance. The terms of the financial assistance 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 financial assistance may be disbursed. Recipients shall pay a loan initiation fee to the authority upon loan closing. The fee may be up to 2 percent of the full loan commitment amount, not to exceed \$100,000.

46.3(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 financial assistance.

46.3(3) The recipient shall provide the authority or its agents or designees access to the project site on request to verify that the financial assistance is being used for the purpose intended and that the construction work meets applicable state and federal requirements, and that the project is being operated and maintained as designed.

46.3(4) Recipient’s accounting procedures shall conform to generally accepted government accounting standards.

46.3(5) All loans made by the authority to finance projects under the program shall meet the following requirements:

a. Repayment must begin within 30 thirty days after project completion or by the date specified in the loan agreement; and

b. A loan term may not exceed twenty (20) years

c. A recipient may prepay a loan at any time with no penalty.

46.3(6) Loans made by the authority to municipalities shall meet the following additional requirements:

a. The recipient shall provide an enforceability opinion of counsel in a form acceptable to the authority;

b. The loan shall be secured by a first lien upon the dedicated source of repayment which may rank on a parity basis with other obligations or, with the approval of the director, may be subordinate in right of payment to one or more of the recipient’s other outstanding revenue obligations.

46.3(7) Noncompliance. 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 financial assistance. Findings of noncompliance may include, but are not limited to, the use of financial assistance for activities not described in the application for the grant; failure to begin construction within one year of execution of a loan agreement; or failure to comply with any applicable state or federal rules, regulations, or laws.

These rules are intended to implement Iowa Code section 16.134A and chapter 16, subchapter X, part 4.

***For rules being re-promulgated with changes, you may attach a document with suggested changes.**

METRICS

Total number of rules repealed:	5
Proposed word count reduction after repeal and/or re-promulgation	1272
Proposed number of restrictive terms eliminated after repeal and/or re-promulgation	28

ARE THERE ANY STATUTORY CHANGES YOU WOULD RECOMMEND INCLUDING CODIFYING ANY RULES?

The code sections implemented by this rule chapter should be more consistent with other programs supporting water quality and should be updated to reflect the needs of users.