

Overview of Water Quality Bill (SF 512)

This is a brief overview of the Water Quality bill that was enacted this year. The bill 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. It often takes six months or more for Administrative Rules to be finalized. Also, because these funds aren't a traditional appropriation, they will flow into the different programs over time as the tax is collected and redistributed. Therefore, we don't anticipate accepting applications for either of these programs until 2019. The transfer of funds ends July 1, 2029 (FY2030) 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 water quality 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 his designee), the Executive Director of IFA (or his designee) and the Director of DNR (or his designee).

Grants would 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
- SRF projects that are using some of their loan for Water Resource Restoration "Sponsored" Projects
- Projects that will significantly improve water quality in their watershed
- Projects that use alternative wastewater treatment technologies
- Communities with the highest sewer or water rates
- Projects that use technology to address nutrient reduction

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; but since the fund is to be perpetual, it's 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 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.

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