HOMELAND SECURITY AND EMERGENCY MANAGEMENT DEPARTMENT[605]

Regulatory Analysis

Notice of Intended Action to be published: 605—Chapter 16
"Natural Hazard Mitigation Financing Program"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 29D as enacted by 2025 Iowa Acts, Senate File 619

State or federal law(s) implemented by the rulemaking: 2025 Iowa Acts, Senate File 619

Public Hearing

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

September 9, 2025 9:15 a.m.	Geode Room 7900 Hickman Road, Suite 500 Windsor Heights, Iowa meet.google.com/oqm-wujn-dif Or dial: (US) +1 475.277.0077 PIN: 619 998 977#

Public Comment

Any interested person may submit written or oral comments concerning this Regulatory Analysis, which must be received by the Department of Homeland Security and Emergency Management (Department) no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

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Windsor Heights, Iowa 50324
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Purpose and Summary

Pursuant to 2025 Iowa Acts, Senate File 619 (Senate File 619), the Department proposes a new Chapter 16. The proposed chapter describes the structure and guidelines under which the Natural Hazard Mitigation Financing Program, described in Iowa Code chapter 29D as enacted by Senate File 619, will be implemented.

Analysis of Impact

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

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

There is no direct cost associated with the proposed rulemaking.

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

All individuals within the State have the opportunity to benefit from a well-run and documented Natural Hazard Mitigation Financing Program.

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 Department received notice of approval for $17.4 million in federal funding in the form of a revolving loan fund called the Safeguarding Tomorrow Revolving Loan Fund (STRLF). The STRLF is the seed money for the financing program created in Iowa Code chapter 29D as enacted by Senate File 619 and further implemented in this proposed rulemaking.

- **Qualitative description of impact:**

This revolving loan fund, under the joint administration of the Iowa Finance Authority and the Department, will be able to fund hazard mitigation projects for years to come, potentially saving the State millions in preventative mitigation work.

3. **Costs to the State:**

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

There are no direct costs to the State for implementation of these rules. The State match that is associated with the STRLF already has been addressed through Iowa Code section 29C.7 as enacted by Senate File 619.

- **Anticipated effect on State revenues:**

This proposed rulemaking has no direct impact on State revenues. The funds awarded are from the federal government. However, the work that will be done with the loan recipients will potentially save the State from repairing or reconstructing disaster-caused impacts.

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

This proposed rulemaking clarifies and implements the program detailed in Iowa Code chapter 29D as enacted by Senate File 619. Senate File 619 directs the Department to conduct rulemaking.

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

The Department proposes these rules as the least intrusive and prescriptive method for achieving the purpose of the proposed rulemaking.

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

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

There were no alternative methods that were seriously considered.

- **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 rulemaking has no direct impact on small business.

Text of Proposed Rulemaking

ITEM 1. Adopt the following **new** 605—Chapter 16:

CHAPTER 16
NATURAL HAZARD MITIGATION PROGRAM

605—16.1(29D) Statutory authority, purpose, and general policy.

16.1(1) *Statutory authority.* The department of homeland security and emergency management (department) and the Iowa finance authority (authority) are jointly designated to administer the natural hazard mitigation financing program, also known as the STRLF. Authority to administer this fund is provided by Iowa Code chapter 29D as enacted by 2025 Iowa Acts, Senate File 619 (Senate File 619), and the federal STORM Act (42 U.S.C. §5135 as of July 1, 2025).

16.1(2) *Purpose.* This chapter provides the definitions and general project and program administration rules for the STRLF program.

16.1(3) *Administration.* The director may coordinate with the authority under the terms of an interagency agreement entered into pursuant to Iowa Code chapter 28E.

16.1(4) *State capitalization grant.* The STORM Act authorizes the administrator of the Federal Emergency Management Agency (FEMA) to offer capitalization grants to states for use in a revolving loan fund program. As allowed by the STORM Act, a portion of the capitalization grant, or of the STRLF itself, if necessary, may be used by the authority and the department to administer the STRLF program.

16.1(5) *Project determination.* A project must comply with this chapter, the IUP current at the time, Iowa Code chapter 29D as enacted by Senate File 619, and the STORM Act to be eligible for a STRLF loan. The department shall use a priority rating system outlined in the IUP to rank eligible projects for funding. STRLF assistance will be available to projects in priority order.

16.1(6) *Decisions.* Department decisions are final unless the loan applicant files a written petition for review with the director. The petition must be addressed to the director and clearly state the decision in question and the basis for the requested review. The loan applicant has the right to appeal a decision pursuant to Iowa Code chapter 17A or to the state court.

605—16.2(29D) Definitions. The definitions and references in Iowa Code section 29D.2 as enacted by Senate File 619 shall apply to this chapter. The following definitions are also applicable to this chapter:

"Fiscal year" means the state fiscal year starting July 1 and ending June 30.

"Intended use plan" or *"IUP"* means a plan identifying the intended uses of funds available for loans in the STRLF for each fiscal year as described in the STORM Act.

"Project proposal list" or *"PPL"* means a priority-ranked list of mitigation projects the department may fund using STRLF funds.

"Safeguarding tomorrow revolving loan fund" or *"STRLF"* means the natural hazard mitigation financing program as defined in Iowa Code chapter 29D as enacted by Senate File 619.

"Safeguarding tomorrow through ongoing risk mitigation Act" or *"STORM Act"* means the same as defined in Iowa Code section 29D.2 as enacted by Senate File 619.

605—16.3(29D) IUP preparation and public participation.

16.3(1) *Development.* The department shall prepare an IUP pursuant to the STORM Act at least annually and on a quarterly basis as needed. The IUP will be available for public input and approved by the director. The public has an opportunity annually, and quarterly as needed, to comment on both the PPL and the IUP.

16.3(2) *Notification.* Reasonable notice of a public comment period will be provided prior to the department submitting the IUP and capitalization grant application materials to FEMA. A public

notice calling for project proposals to be added to the PPL will be provided not less than six weeks prior to the submission of an application for a capitalization grant. All materials relating to the IUP and PPL will be posted at homelandsecurity.iowa.gov.

16.3(3) *Comments.* Comments regarding the proposed IUP will be accepted during the notice period. After evaluation of all pertinent comments, the IUP will be revised, if necessary, and recommended for the director's approval. Subsequent approval by the director will establish the IUP to be used for loan assistance.

605—16.4(29D) IUP contents.

16.4(1) *Status and use of available funds.* In addition to federal requirements, the IUP will identify the anticipated availability and uses of STRLF funds available for that fiscal year, including, at a minimum:

a. The status of the STRLF,

b. A method of prioritizing projects,

c. The anticipated terms of assistance provided by the STRLF, and

d. The anticipated amount of funding available from the STRLF for that fiscal year.

16.4(2) *State PPL.* The state PPL contains the projects eligible for STRLF direct loans. The PPL includes projects scheduled for loans from funds available during the fiscal year and eligible projects for which STRLF funding is not yet available. Projects or activities qualifying for STRLF assistance shall be identified in the IUP on the state PPL, developed pursuant to this chapter, and only those projects or activities may be considered fundable. Projects will be considered in priority order for placement on the fundable list. The PPL will be reviewed at least annually or quarterly as needed to update priorities, schedules, and project cost estimates.

16.4(3) *Timing.*

a. Applications may be submitted on an ongoing basis and will be reviewed in accordance with the schedule in the IUP.

b. Applications received after the IUP is submitted to FEMA will not be placed on the PPL for that quarter but will be considered for loan assistance when the next IUP is prepared.

c. The department may exclude from the PPL any projects that do not meet program requirements at the time of application.

These rules are intended to implement Iowa Code chapter 29D as enacted by Senate File 619.