

Regulatory Analysis

Notice of Intended Action to be published: Iowa Administrative Code 761—Chapter 162
“Surface Transportation Block Grant Program”

Iowa Code section(s) or chapter(s) authorizing rulemaking: 8.41(3)“c”

State or federal law(s) implemented by the rulemaking: Iowa Code sections 8.41(3)“c,” 307.44,
and 313.4(1)

Public Hearing

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

October 24, 2024
11 to 11:30 a.m.

[Microsoft Teams Link](#)
Or dial: 515.817.6093
Conference ID: 938 298 103

Public Comment

Any interested person may submit written or oral comments concerning this Regulatory Analysis. Written or oral comments in response to this Regulatory Analysis 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:

Shawn Majors
800 Lincoln Way
Ames, Iowa 50010
Phone: 515.239.1288
Email: shawn.majors@iowadot.us

Purpose and Summary

The purpose of this chapter is to establish requirements for the distribution of federal Surface Transportation Block Grant (STBG) funds as required in Iowa Code section 8.41(3). This Iowa Code section requires that federal funds associated with a block grant be deposited in a special fund in order to allocate funds. Federal authorization acts appropriate funds to states to support transportation investments. A portion of these funds is made available through STBG funds. STBG funds can be used for any federal-aid highway, bridge or tunnel on any public road and may also be used on pedestrian bicycle infrastructure and transit improvements. These funds may also be swapped with primary road funds in accordance with Iowa Code section 313.4(1). These funds are administered by the Department and are made available on a fair and equitable basis. The Department, through consultation with city, county and local planning agency officials, makes these funds available to Iowa’s transportation management areas, metropolitan planning organizations and regional planning affiliations, counties, cities and the Department. Allocation of these funds is based on distribution methodology approved by the Iowa Transportation Commission upon passage of each federal authorization act. Funds allocated to cities and counties to support the Federal-aid Highway Bridge Program are made in accordance with Instructional Memorandum 1.100. All allocations of the STBG funds are made in accordance with the Federal Highway Administration’s regulations and include the allocations of the Surface Transportation Program (STP) Set-Aside for transportation alternatives as established in 23 U.S.C. Section 133(h).

Analysis of Impact

1. Persons affected by the proposed rulemaking:

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

Any costs associated with this chapter would be borne by cities, counties, transit agencies, the Department, and other governmental sponsors. This chapter outlines how the federal funds will be allocated as required in Iowa Code section 8.41(3). The costs incurred by the public are those associated with adhering to the requirements of usage of federal-aid funds.

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

This chapter will benefit cities, counties, transit agencies, the Department and other governmental sponsors, and users of Iowa's transportation system by ensuring these federal highway transportation funds can be utilized to improve Iowa's transportation system.

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:

This chapter allows for the expenditure of federal funds that are deposited in a special fund pursuant to Iowa Code section 8.41(3). Any costs incurred would be associated with the requirements of federal law in 23 U.S.C. Section 133(h). Costs typically associated with federal aid projects include those necessary to plan, develop and administer projects. The benefits of which ensure the reimbursement of nearly \$100 million annually for investments in Iowa's transportation system.

- Qualitative description of impact:

The impact of this chapter is positive in that it allows for the expenditure of nearly \$100 million on transportation improvement projects in Iowa.

3. Costs to the State:

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

No costs are associated with implementation of this chapter.

- Anticipated effect on state revenues:

This chapter does not impact the amount of state revenue collected.

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

The benefits of this chapter are the funds that are made available for transportation improvements throughout the state. Inaction would result in the loss of nearly \$100 million in federal funds to the citizens of Iowa through the allocation of funds to cities, counties, the Department, and other governmental sponsors.

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

The Department has reviewed and determined that there are no less costly or intrusive methods for achieving the purpose of the proposed rules. These rules are necessary to comply with Iowa Code section 8.41.

6. Alternative methods considered by the agency:

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

Elimination of the rulemaking requirement included in Iowa Code section 8.41 would no longer make Chapter 162 necessary.

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

The chapter is required and needs to remain, absent amendments to Iowa Code section 8.41.

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?

The costs associated with this chapter would not impact small business negatively. The impact to small business is that these rules ensure federal highway transportation dollars can be invested into Iowa’s transportation system.

Text of Proposed Rulemaking

ITEM 1. Rescind 761—Chapter 162 and adopt the following **new** chapter in lieu thereof:

CHAPTER 162
SURFACE TRANSPORTATION BLOCK GRANT PROGRAM

761—162.1(8,307) Purpose and information.

162.1(1) Federal authorization acts appropriate funds to states to support surface transportation investments. A portion of these funds are provided to the state of Iowa for the Surface Transportation Block Grant Program. The purpose of these rules is to establish requirements for the Surface Transportation Block Grant Program.

162.1(2) Information relating to this chapter may be obtained from the Program Management Bureau, Iowa Department of Transportation, 800 Lincoln Way, Ames, Iowa 50010; telephone 515.239.1288; or on the department’s website at www.iowadot.gov.

761—162.2(8,307) Source of funds. The Surface Transportation Block Grant Program established in 23 U.S.C. Section 133 provides for the use of federal funds to preserve and improve the condition and performance of any federal-aid highway, bridge or tunnel project on any public road. Surface Transportation Block Grant funds may also be used on pedestrian and bicycle infrastructure and transit capital projects, including intercity bus terminals.

761—162.3(8,313) Swapping of funds. Surface Transportation Block Grant funds allocated to city and county road or bridge construction projects may be swapped with primary road funds in accordance with Iowa Code section 313.4(1).

761—162.4(8,307) Administration of funds. Surface Transportation Block Grant funds are administered by the department and will be made available for obligation throughout the state on a fair and equitable basis. The department, in consultation with city, county and local planning agency officials, through their representative organizations, will allocate these funds to Iowa’s transportation management areas, metropolitan planning organizations, regional planning affiliations, incorporated cities, counties and the department. Allocation of these funds is to be based upon a distribution methodology approved by the commission. The commission reviews and approves the distribution methodology upon passage of each federal authorization act. Funds allocated to cities and counties to support the Federal-Aid Highway Bridge Program will be made in accordance with Instructional Memorandum 1.100 dated June 12, 2024, available at www.iowadot.gov/local_systems/publications/im/1100.pdf. All allocations of the Surface Transportation Block Grant funds are made in

accordance with the Federal Highway Administration's regulations and include the allocations of the Surface Transportation Program (STP) Set-Aside for transportation alternatives as established in 23 U.S.C. Section 133(h) in effect as of December 4, 2015.

These rules are intended to implement Iowa Code sections 8.41(3) "c," 307.44 and 313.4(1).