



REGULATORY NOTIFICATION: Funding under Illinois PWSLP

September 7, 2023
Page 1 of 2

In addition to the Public Water Supply Loan Program (PWSLP) rule changes, to provide funding for Lead Service Line Replacement (35 Ill. Adm. Code 663), the IEPA is moving forward with proposing 30-year term loans for both Part 662 - Public Water Supply Loan Program (PWSLP) and Part 365 Water Pollution Control Program. They also are proposing up to 40-year term PWSLP loans for disadvantaged communities. The key highlights of the rule changes are as follows:

Part 365:

- Addition of the Build America, Buy America (BABA) to the “Definitions” section
- Addition of the Bipartisan Infrastructure Law (BIL) to the “Definitions” section
- Revision to the Fixed Loan Rate to change from 20-year to 30-year loan rate. Loan agreements with a repayment period not to exceed 30 years shall have a fixed loan rate equal to 50% for the market interest rate.
- Deletion of the following requirement from the Loan Repayment Period (Section 365.220):
 - For public loan applicants that qualify for the Small Community Rate or Hardship Rate as defined in Section 365.210, the loan repayment period cannot exceed the lesser of 30 years beyond the initiation of the operation date, 30 years beyond the initiation of the loan repayment period, or the projected useful life of the project to be financed with proceeds of the loan.
- Deletion of the following requirement from Restructuring (Section 365.240):
 - For public loan applicants that qualify for the Small Community Rate or Hardship Rate as provided in Section 365.210, the loan repayment period for a restructured loan cannot exceed the lesser of 30 years beyond the initiation of operation date, 30 years beyond the initiation of the loan repayment period established by the original loan agreement, or the projected useful life of the project to be financed with proceeds of the original loan.
- Addition of the following requirement to Loan Application and Other Documentation (Section 365.350):
 - Certification that the loan applicant will comply with the requirements of the Build American Buy America Act (BABA Act) at Public Law 117-58, Sections 70901-52, as applicable.
- Addition of the following requirement for procedures that shall apply to construction contracts (subagreements) awarded by loan recipients for the construction phase only:
 - The Build America Buy America Act (BABA Act) at Public Law 117-58, Sections 70901-52, as applicable
- Addition of the following requirement to be submitted to the Agency with the bid evaluation for Loan Contract Award:
 - A copy of the selected bidder’s certification regarding the compliance with the BABA Act.
- Addition of the following requirement for what must be included in the construction contract provisions:
 - Build America Buy America
If applicable, the contractor shall be required to comply with the requirements of the BABA Act.

Part 662:

- Addition of the following definitions to Section 662.110 Definitions:
 - BABA Act – The portion of the BIL Act at Sections 70901-52 (Public Law 117-58, Secs. 70901-52) also known as the Build America Buy America Act.
 - BIL Act – The Bipartisan Infrastructure Law (Public Law 117-58) also known as the Infrastructure Investment and Jobs Act of 2021 or IJJA.
- The following revisions to Section 662.210 Fixed Loan Rate:



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September 7, 2023
Page 2 of 2

- Base 30 Year Rate – Loan agreements with a repayment period not to exceed 30 years shall have a fixed loan rate equal to 50% of the market interest rate (changed from 20 years to 30 years)
- Small Community Rate – A public water supply with a service population less than 25,000 that also meets any one of the following criteria qualify for a fixed loan rate equal to 75% of the Base 30 Year Rate (changed from 20 year to 30 year)
- The following revisions to Section 662.220 Loan Repayment Period:
 - Except as provided in subsections (b) and (c), the loan repayment period cannot exceed the lesser of 30 years beyond the initiation of operation date, 30 years beyond the initiation of the loan repayment period, or the projected useful life of the project to be financed with proceeds of the loan (changed from 20 years to 30 years).
 - For loan applicants that are a disadvantaged community, the loan repayment period cannot exceed the lesser of 40 years beyond the initiation of operation date, 40 years beyond the initiation of the loan repayment period, or the projected useful life of the project to be financed with proceeds of the loan (changed from 30 years to 40 years).
- The following revisions to Section 662.240 Restructuring:
 - Except as provided in subsection (e), the loan repayment period for a restructured loan cannot exceed the lesser of 30 years beyond the initiation of operation date, 30 years beyond the initiation of the loan repayment period established by the original loan agreement, or the projected useful life of the project to be financed with proceeds of the original loan (changed from 20 years to 30 years)
 - For a loan applicant that is a disadvantaged community, the loan repayment period for a restructured loan cannot exceed the lesser of 40 years beyond the initiation of operation date, 40 years beyond the initiation of the loan repayment period established by the original loan agreement, or the projected useful life of the project to be financed with proceeds of the original loan (changed from 30 years to 40 years)
- Revision to the following in Section 662.250 Loan Application and Other Documents:
 - Certification that the loan applicant will comply with the American iron and steel requirements as required by Sec. 1452(a)(4) of the Federal Safe Drinking Water Act (42 USC 300j – 12(a)(4), as applicable.
- Addition of the following requirement to Section 662.250 Loan Application and Other Documents:
 - Certification that the loan applicant will comply with the requirements of the Build America Buy America Act (BABA Act) as Public Law 117-58, Section 70901-52, as applicable.
- Addition of the following requirement for Section 662.620 Construction Contracts:
 - The bid advertisement shall notify the bidders that the procurement will be subject to the following requirements:
 - The Build America Buy America Act (BABA Act) at Public Law 117-58, Sections 70901-52, as applicable
- Addition of the following requirement to Section 662.620 Construction Contracts in regards to documentation that should be submitted with the bid evaluation to the Agency in order to award the contract:
 - A copy of the selected bidder's certification regarding the compliance with the BABA Act