



STATE OF IDAHO  
DEPARTMENT OF  
ENVIRONMENTAL QUALITY

1410 N Hilton Street, Boise, ID 83706  
(208) 373-0502

Brad Little, Governor  
Jess Byrne, Director

## DEQ POLICY STATEMENT PS21-01

### POLICY FOR DETERMINING INTEREST RATE ON LOANS FROM THE WATER POLLUTION CONTROL AND DRINKING WATER LOAN ACCOUNTS

#### PURPOSE

To establish a method for determining the rate of interest to be charged on loans from the Water Pollution Control and Drinking Water Loan Accounts.

#### BACKGROUND

In accordance with Idaho Code § 39-7601 and § 39-3626, the Idaho Department of Environmental Quality (DEQ) is granted the authority to maintain the purchasing power of the loan programs over time and to set interest rates at or below-market rates. Interest rates need to address inflation as well as be attractive enough to lend all of the funds as provided for in the operating agreements with the US Environmental Protection Agency. DEQ also considers the need to offset loans to disadvantaged communities to some degree.

#### STATEMENT OF POLICY

The interest rate for loans awarded for water pollution control and drinking water projects will be determined as follows:

- **Clean Water Loans.** The interest rates for 20-year Clean Water Loans will range between 2.25% and 1.25%. Interest rates will be reduced below the 2.25% ceiling for disadvantaged communities. For 30-year extended term financing to Clean Water recipients, the interest rate shall be 0.25% higher than a comparable 20-year loan. A loan fee of 1.00% may be assessed on the declining balance of the new loans issued. To the extent that fees are assessed, the interest rate will be reduced by the same percent; e.g., a standard loan with a 1.00% fee will have a 1.25% interest rate.
- **Drinking Water Loans.** The interest rates for 20-year Drinking Water Loans will range between 2.25% and 1.25%. Interest rates will be reduced below the 2.25% ceiling for disadvantaged communities. There may be a loan fee of 1.00% assessed on the declining balance of the new loans issued. To the extent that fees are assessed, the interest rate will be reduced by the same percent; e.g., a standard loan with a 1.00% fee will have a 1.25% interest rate.

The actual loan rate will be determined at the time the loan is awarded. Rates are subject to available funds and may be adjusted if it is determined that the rate of inflation is higher than the interest rate charged, thereby causing the loan funds to lose purchasing power.

**RESPONSIBILITY**

DEQ's Grants and Loans Bureau Chief is responsible for maintaining this policy.

**IMPLEMENTATION**

This policy is effective immediately and will remain in effect for 5 years unless amended, replaced, or rescinded prior to expiration.

Dated this 16 day of March, 2021

  
\_\_\_\_\_  
Jess Byrne  
Director, Idaho Department of Environmental Quality