

Dear Senators FOREMAN, Lenney, Ward-Engelking, and
Representatives HOLTZCLAW, Wisniewski, Egbert:

The Legislative Services Office, Research and Legislation, has received the enclosed rules of
the Department of Commerce:

IDAPA 28.02.03 - Department of Commerce Grant Program Rules (ZBR Chapter Rewrite)-Proposed
Rule (Docket No. 28-0203-2501).

Pursuant to Section 67-454, Idaho Code, a meeting on the enclosed rules may be called by the
cochairmen or by two (2) or more members of the subcommittee giving oral or written notice to Research
and Legislation no later than fourteen (14) days after receipt of the rules' analysis from Legislative
Services. The final date to call a meeting on the enclosed rules is no later than 12/22/2025. If a meeting is
called, the subcommittee must hold the meeting within forty-two (42) days of receipt of the rules' analysis
from Legislative Services. The final date to hold a meeting on the enclosed rules is 01/19/2026.

The germane joint subcommittee may request a statement of economic impact with respect to a
proposed rule by notifying Research and Legislation. There is no time limit on requesting this statement,
and it may be requested whether or not a meeting on the proposed rule is called or after a meeting has
been held.

To notify Research and Legislation, call 334-4854, or send a written request to the address on the
memorandum attached below.



Terri Kondeff
Director

Legislative Services Office

Idaho State Legislature

Serving Idaho's Citizen Legislature

MEMORANDUM

TO: Rules Review Subcommittee of the Senate Commerce & Human Resources Committee and the House Commerce & Human Resources Committee
FROM: Legislative Drafting Attorney - Monica Harrington
DATE: December 03, 2025
SUBJECT: Department of Commerce

IDAPA 28.02.03 - Department of Commerce Grant Program Rules (ZBR Chapter Rewrite)-Proposed Rule (Docket No. 28-0203-2501)

Summary and Stated Reasons for the Rule

The Department of Commerce submits notice of proposed rulemaking at IDAPA 28.02.03 - Department of Commerce Grant Program Rules (ZBR Chapter Rewrite)-Proposed Rule (Docket No. 28-0203-2501). The Department states that the proposed rule is being promulgated as part of the Department's plan to review each rule every five (5) years and pursuant to the Governor's Zero Based Regulation executive order. The Department states that this rule change removes items that were repealed in statute, improves definitions to align with programs, and removes redundant language that already exists in statute.

Negotiated Rulemaking / Fiscal Impact

The Department of Commerce states that negotiated rulemaking was conducted and that notice was published in the July 2, 2025, edition of the Idaho Administrative Bulletin. There is no anticipated fiscal impact associated with this rulemaking.

Statutory Authority

This rulemaking appears to be within the statutory authority granted to the Department of Commerce in Sections 67-4733 and 67-4744, Idaho Code.

cc: Department of Commerce
Ewa Szewczyk

*** PLEASE NOTE ***

Per the Idaho Constitution, all administrative rules may be reviewed by the Legislature during the next legislative session. The Legislature has 3 options with this rulemaking docket: **1)** Approve the docket in its entirety; **2)** Reject the docket in its entirety; or **3)** Reject the docket in part.

Paul Headlee, Deputy Director Matt Drake, Manager Keith Bybee, Manager April Renfro, Manager Norma Clark, Manager
Legislative Services Office Research & Legislation Budget & Policy Analysis Legislative Audits Information Technology

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IDAPA 28 – DEPARTMENT OF COMMERCE
28.02.03 – DEPARTMENT OF COMMERCE GRANT PROGRAM RULES
DOCKET NO. 28-0203-2501 (ZBR CHAPTER REWRITE)
NOTICE OF RULEMAKING – PROPOSED RULE

AUTHORITY: In compliance with [Section 67-5221\(1\)](#), Idaho Code, notice is hereby given that this agency has initiated proposed rulemaking procedures. The action is authorized pursuant to [Section 67-4733](#) and [67-4744](#), Idaho Code.

PUBLIC HEARING SCHEDULE: A public hearing concerning this rulemaking will be held as follows:

Friday, October 10th, 1:00 p.m., 2025 MT
In person: Idaho Department of Commerce JRW Building 700 W State St. Floor 2 Boise, ID 83702 Clearwater Conference Room
For virtual meeting accommodation please email: Ewa.Szewczyk@commerce.idaho.gov

The hearing site(s) will be accessible to persons with disabilities. Requests for accommodation must be made not later than five (5) days prior to the hearing, to the agency address below.

DESCRIPTIVE SUMMARY: The following is a nontechnical explanation of the substance and purpose of the proposed rulemaking:

These rules are being presented for approval as part of the department’s plan to review each rule every 5 years. Amendments were identified by the agency and presented to stakeholders and are consistent with the Governor’s [Zero-based Regulation Executive Order](#). Primary rulemaking objectives are removing items repealed by statute, improving definitions to align programs, and removing redundant language already in statute.

FEE SUMMARY: The following is a specific description of the fee or charge imposed or increased:

There are no fees or charges imposed or increased as a result of this rulemaking.

FISCAL IMPACT: The following is a specific description, if applicable, of any negative fiscal impact on the state General Fund greater than ten thousand dollars (\$10,000) during the fiscal year as a result of this rulemaking:

No fiscal impact.

NEGOTIATED RULEMAKING: Pursuant to [Section 67-5220\(1\)](#), Idaho Code, negotiated rulemaking was conducted. The Notice of Intent to Promulgate Rules – Negotiated Rulemaking was published in the July 2, 2025, Idaho Administrative Bulletin, [Volume 25-7, p 126-127](#).

INCORPORATION BY REFERENCE: Pursuant to [Section 67-5229\(2\)\(a\)](#), Idaho Code, the following is a brief synopsis of why the materials cited are being incorporated by reference into this rule:

CDBG handbook was removed from administrative rules and added as an incorporation by reference for clarity and to remove redundant language.

ASSISTANCE ON TECHNICAL QUESTIONS, SUBMISSION OF WRITTEN COMMENTS: For assistance on technical questions concerning the proposed rule, contact Ewa Szewczyk 208-287-0784.

Anyone may submit written comments regarding this proposed rulemaking. All written comments must be directed to the undersigned and must be delivered on or before October 22, 2025.

DATED this 29th day of August, 2025.

Ewa Szewczyk
Grants & Contracts Manager
Idaho Commerce
700 W State St.
Boise, ID 83702
(208) 334-2470
ewa.szewczyk@commerce.idaho.gov
commerce.idaho.gov

THE FOLLOWING IS THE PROPOSED TEXT OF DOCKET NO. 28-0203-2501
(ZBR Chapter Rewrite.)

28.02.03 – DEPARTMENT OF COMMERCE GRANT PROGRAM RULES

000. LEGAL AUTHORITY.

~~These rules have been adopted pursuant to~~ Sections 67-4702, 67-4703, 67-4715, 67-4717, 67-4718, and 67-4733, Idaho Code. (3-31-22)()

001. ~~TITLE AND SCOPE.~~

~~01. Title.~~ These rules are titled IDAPA 28.02.03, “Department of Commerce Grant Program Rules.” (3-31-22)

~~02. Scope.~~ These rules implement the following Department of Commerce grant programs: 1) Idaho Regional Travel and Convention Grant Program; 2) Idaho Gem Grant Program; 3) Rural Community Investment Fund; 4) IGEM Grant Program; 5) Idaho Opportunity Fund; and 6) Idaho Community Development Block Grant Program. (3-31-22)()

002. INCORPORATION BY REFERENCE.

The Department of Commerce adopts and incorporates by reference the following document(s): ()

01. Housing and Community Development Act of 1974: Title I; sections 210 and 213; title VI; and sections 802, 809, 817, and 819 [Public Law 93–383; 88 Stat. 633; 42 U.S.C. 5301 et seq.] [As Amended Through Public Law 113–287, December 19, 2014]. Available here: <https://www.govinfo.gov/content/pkg/COMPS-10382/pdf/COMPS-10382.pdf>. ()

003. REFERENCED MATERIAL.

01. 24 CFR Part 570. This source document originally published in 40 FR 24693, June 9, 1975, and

the most current version is available here: <https://www.ecfr.gov/current/title-24/part-570>. ()

02. Annual Action Plan. As rules for the administration of the Idaho Community Development Block Grant (CDBG), the most current version of this material is available on the department's website here: <https://commerce.idaho.gov/communities/community-grants/community-development-block-grant-cdbg/>. ()

0024. -- 009. (RESERVED)

010. DEFINITIONS.

01. Department. The Idaho Department of Commerce as set forth in Section 67-4701, Idaho Code. (3-31-22)

021. Program Guidelines. Department ~~of Commerce~~ grant programs are administered in accordance with applicable federal and state statutes, these rules, grant resources available on the Department's website, and written grant agreements entered into between the successful applicant and the Department. Collectively these laws, rules, handbooks, grant resources, and grant agreements are referred to as "program guidelines" throughout these rules and each may be enforced by the Department. (3-31-22)()

011. -- 049. (RESERVED)

SUBCHAPTER A – GENERAL GRANT PROGRAM REQUIREMENTS

050. GENERAL GRANT PROGRAM REQUIREMENTS.

01. Application Procedure. All applicants must meet eligibility requirements specified in program guidelines. Eligible applicants must submit a completed application to the Department and meet the requirements specified in program guidelines prior to the application deadline specified therein. (3-31-22)

02. Review of Applications. Unless otherwise specified, all grants will be reviewed, ranked, and selected by the Department and relevant council members if applicable, in accordance with selection criteria specified in program guidelines. All applicants will be notified of their application status in a reasonable timeframe after the application deadline. (3-31-22)

03. Grant Agreement. All applicants selected for funding must enter into a written grant agreement with the Department. The grant will take effect upon the date of award specified in the grant agreement and grant monies cannot be expended until that date. (3-31-22)

04. Amendments to Grant Agreements. Extensions and amendments to grant agreements are only permitted if agreed to in writing and approved by the Department or applicable council members. (3-31-22)

05. Grant Acknowledgment. If required, projects funded by the Department must acknowledge said program as outlined in the program guidelines. (3-31-22)

06. Reporting Requirements. As specified in program guidelines, the grantee must provide regular progress reports to the Department to demonstrate progress toward planned outcomes, as well as a final report demonstrating the outcomes achieved. (3-31-22)

07. Termination of Funding. The grantee may only use the grant funds in accordance with program guidelines. If at any time the Department becomes aware of a grantee's noncompliance with program guidelines, or inappropriate or illegal use of grant funds, the Department may terminate the agreement. The Department may require an audit of grant funds. The Department may further terminate a grant if the project loses viability or is unlikely to meet the intent of the original application. (3-31-22)

08. Limitation on Use of Funds. Program guidelines detail ineligible uses of funds. In addition, funds cannot be used as follows: (3-31-22)

a. Political activities. For political purposes or to engage in lobbying or other partisan political activities. (3-31-22)

b. Religious activities. For the construction, rehabilitation or operation of active churches or religious structures used for religious purposes. (3-31-22)

c. Conflict of interest. If at any time the Department and/or any council member(s) becomes aware of an apparent or potential conflict of interest between a grantee and a private entity which may influence grant funds, the Department may request a meeting with the grantee's representatives. The Department may, at that meeting, terminate the grant if an inappropriate conflict of interest is found. (3-31-22)

09. Rural Community. Communities that are generally less than twenty-five thousand (25,000) in population. (3-31-22)

10. Cost Reimbursable. Department grants are cost reimbursable. Grant payment procedures will be established in the program guidelines. The Department will reimburse allowable costs up to the maximum grant amount for which both receipts and matching funds documentation have been provided. The grantee is responsible for any discrepancies in documentation. (3-31-22)

051. -- 099. (RESERVED)

100. IDAHO REGIONAL TRAVEL AND CONVENTION GRANT PROGRAM.

01. Program Intent. The intent of this program is to provide grant funds to non-profit, incorporated organizations which have in place a viable travel or convention promotion program, or both, in their area of operation. Preference is given to programs with a primary focus of promoting overnight visitation in Idaho. Funds may be used for tourism marketing which has a positive economic impact to the state of Idaho including, but not limited to, the promotion of accommodations, recreational areas, events, conferences, food and beverage, tourism services, culture, attractions, and transportation. (3-31-22)

02. Eligible Applicants. Non-profit entities with a focus on tourism. Entities must provide proof of non-profit status including: State of Idaho Certificate of Incorporation, Articles of Incorporation from the Secretary of State, or a letter of determination from the Internal Revenue Service, and Notice of Employer Identification Number assigned by the Internal Revenue Service. (3-31-22)

03. Review of Applications. The Idaho Travel Council will review applications in accordance with selection criteria specified in program guidelines. (3-31-22)

04. Matching Funds. This grant requires a cash match of twelve and one-half percent (12.5%) of the amount awarded, with further requirements specified in program guidelines. (3-31-22)

05. Distribution of Funds. The Department will reimburse funds to the grantee upon submission and review of complete documentation of funds expended. (3-31-22)

06. Eligible Expenses. (3-31-22)

a. Program intent. Eligible projects under the Regional Travel and Convention Grant Program must be consistent with the legislative declaration of policy in Title 67, Chapter 47, Idaho Code, and the program intent. Programs that are eligible for consideration must fall under the basic definition of travel or convention promotion. (3-31-22)

b. Administrative expense. The following administrative and overhead costs are allowable: (3-31-22)

i. Wages and benefits. Wages and benefits of one (1) designated grant administrator for time directly related to the task of grant administration. Other employee wages and benefits incurred in the execution of the grant program may be used as cash match with documentation. (3-31-22)

ii. Overhead. Reasonable, apportioned overhead costs of the grantee organization required to execute the grant program must be approved by the Idaho Travel Council. The Department will recommend preferred apportionment methods. (3-31-22)

07. Ineligible Expenses. Unless specified otherwise in the program guidelines, this grant program will not fund: (3-31-22)

a. The day-to-day, administrative expenses of organizations that have a travel or convention promotion element; (3-31-22)

b. Projects that have alternative funding sources (for example, regular Chamber of Commerce budgets) or that have been funded previously with the agency's own funds; or (3-31-22)

c. The promotion of local events; or (3-31-22)

d. No expenses related to grant writing, or grant application are eligible. (3-31-22)

08. Audit Requirement. Grantees who receive one hundred thousand dollars (\$100,000) or more in grant funds will have an audit performed by a Certified Public Accountant and submitted to the Department within sixty (60) days following the close of the grant cycle. (3-31-22)

101. -- 149. (RESERVED)

150. IDAHO GEM GRANT (IGG) PROGRAM.

01. Program Intent. The intent of this program is to fund community development projects of rural communities for the purpose of improving the local economy, retaining or creating jobs, promoting the community for economic development and tourism, and assisting business expansion and diversification. (3-31-22)

02. Eligible Applicants. Idaho rural communities ~~under ten thousand (10,000) persons~~ and other Idaho rural communities at the discretion of the Director of the Department of Commerce are eligible to apply for IGGs up to a maximum of ~~fifty one hundred~~ thousand dollars (\$~~50~~100,000). IGGs to city and county governments may be administered by their designees as established by formally adopted resolutions. ~~(3-31-22)~~()

03. Review of Applications. The Department's Director, in his sole discretion, makes all IGG awards. The Director may make grant awards at any time the Director determines it necessary to take advantage of special opportunities that further the primary objectives of the IGG Program. (3-31-22)

04. Matching Funds. This grant ~~may~~ requires a minimum of twenty percent (20%) matching funds of either cash or in-kind donations for the total amount of IGG funds received. Matching funds can be comprised of any combination of cash and in-kind donations and must meet conditions specified in the program guidelines. ~~(3-31-22)~~()

05. Distribution of Funds. Grantees receive payment of IGG funds on a cost reimbursement basis. Grant payment procedures will be established in the program guidelines. The Department will reimburse allowable costs up to the maximum grant amount for which both receipts and matching funds documentation have been provided. The grantee is responsible for any discrepancies in documentation. (3-31-22)

06. Eligible Expenses. Eligible expenses are specified in program guidelines. (3-31-22)

07. Ineligible Expenses. Funds may not be used for: (3-31-22)

a. Payroll costs for city, county, development corporation or other community agencies. (3-31-22)

b. Real property acquisition. Construction, rehabilitation, or operation of schools, general government facilities, jails or state facilities. (3-31-22)

c. Administrative costs. Expenses related to administering the grant will not be reimbursable to the grantee from grant funds. (3-31-22)

~~**08.** **Bid Process.** Grantees must contact a minimum of three (3) vendors for quotes or bids for the purchase of goods or services over twenty five thousand dollars (\$25,000). Prior to reimbursement for such costs, the following information must be submitted to the Department: (3-31-22)~~

~~**a.** **Item or service purchased.** A detailed description of the item or service purchased or to be purchased. (3-31-22)~~

~~**b.** **Bid verification.** Written documentation of three (3) or more businesses or vendors contacted by IGG grantees for bids or quotes listing the businesses or vendors contacted and indicating their response, and a list of all businesses or vendors contacted whether or not a response was received. (3-31-22)~~

~~**e.** **Reasons for selection.** Grantees justification for the business or vendor selected. (3-31-22)~~

151. -- 199. (RESERVED)

200. RURAL COMMUNITY INVESTMENT FUND (RCIF).

01. Program Intent. This grant provides funds to rural areas in support of economic expansion and job creation, as defined per the program guideline which includes the RCIF Grant Application and Manual. (3-31-22)

02. Eligible Applicants. Applicants for the Idaho Rural Community Block Grants are as follows: (3-31-22)

a. City applicants. Rural cities are those generally less than twenty-five thousand (25,000) in population. Cities contiguous to large cities are not eligible to apply. (3-31-22)

b. County applicants. Counties with less than twenty-five thousand (25,000) population. However, any county may apply for unincorporated communities closely connected to non-metro or rural communities. (3-31-22)()

c. Indian tribes located in Idaho may apply if the project site is located on reservation land and within a community of less than twenty-five thousand (25,000) population. (3-31-22)

03. Review of Applications. Presentations must be made by key elected officials of the applicant to the Department's Economic Advisory Committee (EAC) on the need for the project, the local commitment to the project, the economic impact of the project on the community, and any additional information that should be given special consideration. Applications will be reviewed and ranked on criteria specified in the RCIF Grant Application and Manual. The EAC may recommend standby projects to be funded if enough funds become available at a later time. (3-31-22)

04. Eligible Expenses. Eligible expenses are specified in the RCIF Grant Application and Manual. (3-31-22)

05. Ineligible Expenses. Any activity not authorized in the RCIF Grant Application and manual is ineligible to receive RCBG funds, including: (3-31-22)

a. General conduct of government. Assistance to buildings, or portions thereof, used predominantly for the general conduct of government. Such buildings include, but are not limited to, city halls, courthouses, jails, police stations, state or local government office buildings, and other building used for general government administration affairs. Also ineligible are school buildings, school administration offices, and university and college vocational-technology facilities. (3-31-22)

b. Local government expenses. Expenses to carry out the regular responsibilities of the unit of general local government are not eligible for assistance with RCIF. (3-31-22)

c. Equipment. The purchase of equipment, fixtures, motor vehicles, furnishings or other personal property, which is not an integral structural fixture, is generally ineligible. (3-31-22)

d. Operating and maintenance expenses. (3-31-22)

~~201. --249. (RESERVED)~~

~~250. IDAHO GLOBAL ENTREPRENEURIAL MISSION (IGEM) GRANT PROGRAM.~~

~~01. Program Intent. The IGEM Grant Program funds commercialization grants supporting University and industry research partnerships for the purpose of enhancing technology transfer and commercialization of research and technologies developed at the Universities to create high-quality jobs and new industries in the private sector in Idaho. (3-31-22)~~

~~02. Eligible Applicants. Idaho's public research universities: Boise State University, Idaho State University, and University of Idaho. (3-31-22)~~

~~03. Industry Partner. A domestic or foreign entity that designs, produces, or sells goods or services or that contractually agrees to undertake such acts in connection with the technologies licensed or otherwise transferred to the entity by a University, and that is partnered with an Eligible Applicant. (3-31-22)~~

~~04. Review of Applications. In selecting IGEM awards, the IGEM Council will give greater weight to proposals that partner with Idaho-based entities. (3-31-22)~~

~~05. Matching Funds. This grant requires a monetary or in-kind contribution from the industry partner as outlined in program guidelines. (3-31-22)~~

~~06. Commercialization Revenue. Revenue generated through the commercialization of university intellectual property rights in a work authored or an invention conceived or first reduced to practice in the performance of an IGEM grant award are distributed as outlined in Section 67-4731, Idaho Code. (3-31-22)~~

~~251.— 299. (RESERVED)~~

300. IDAHO OPPORTUNITY FUND.

01. Program Intent. The Idaho Opportunity Fund provides funding for public costs incurred with the purpose to retain, expand or attract jobs, which include: (3-31-22)

a. Construction of or improvements to new or existing water, sewer, gas or electric utility systems for new or existing buildings to be used for industrial or commercial operations; (3-31-22)

b. Flood zone or environmental hazard mitigation; or (3-31-22)

c. Construction, upgrade or renovation of other infrastructure related items including, but not limited to, railroads, broadband, parking lots, roads or other public costs that are directly related to specific job creation or expansion projects. (3-31-22)

02. Review of Applications. The Director of the Department may, in his sole discretion, award Opportunity Fund grants to local governments in accordance with program guidelines. (3-31-22)

03. Matching Funds. This grant requires an allowable local match. Allowable match includes those costs which are allowable within the Opportunity Fund and are provided by the local government as cash, in-kind services, fee waivers (such as development impact fees), donation of assets, the provision of infrastructure or a combination thereof. The match must represent a material commitment from the local government that is commensurate with the local government's financial condition. The Director of the Department has the authority to approve other forms of local match or waive the local match requirements. (3-31-22)

04. Distribution of Funds and Eligible Applicants. Funds will be disbursed from the Opportunity Fund to local governments as defined in the Local Government Grant Agreement and after the local government has demonstrated that the Grantee Business has complied with the terms of the Company Performance Agreement. (3-31-22)

05. Grant Agreements. Local Government Grant Agreements will be entered into between the Department and one (1) or more local governments, and contain the provisions specified in the program guidelines. In addition, Company Performance Agreements will be entered into between one (1) or more local governments and a Grantee Business, and containing provisions outlined in the program guidelines. (3-31-22)

~~301. --349.~~ (RESERVED)

~~350. IDAHO COMMUNITY DEVELOPMENT BLOCK GRANT (ICDBG).~~

~~01. Incorporation by Reference.~~ The Department of Commerce adopts and incorporates by reference the CDBG Procedures Guide, CDBG Application Handbook, the CDBG Grant Manual, 24 CFR Part 570, and the most current Annual Action Plan as rules for the administration of the Idaho Community Development Block Grant. (3-31-22)

~~02. Purpose.~~ The rules incorporated by reference in (01) relate to the scope and procedures for the implementation of the Idaho Community Development Block Grant Program. (3-31-22)

~~351. -- 999.~~ (RESERVED)