

CHAPTER 2
GROW IOWA VALUES FUND ASSISTANCE

261—2.1(81GA, HF868, HF809) Purpose. The purpose of the grow Iowa values fund is to provide financial assistance for business incentives, marketing efforts, and other programs and activities designed to spur the economy and improve the quality of life of Iowans. Moneys in the grow Iowa values fund provide financial assistance for programs administered by the department; for state parks pursuant to a plan from the department of natural resources (DNR); for the cultural trust fund; for workforce training and economic development funds of the community colleges; for economic development region initiatives; and for financial assistance to the regents for the University of Northern Iowa, Iowa State University, the University of Iowa, a bioscience organization, and private universities. The rules in this chapter apply to financial assistance awarded from the grow Iowa values fund by the department and the board.

261—2.2(81GA, HF868, HF809) Definitions. Unless otherwise stated, the following definitions shall apply:

“*Board*” or “*IDED board*” means the Iowa economic development board established in Iowa Code section 15.103 as amended by 2005 Iowa Acts, House File 868, section 4, and composed of 15 voting members and 7 ex officio nonvoting members.

“*Department*” or “*IDED*” means the Iowa department of economic development created in Iowa Code chapter 15.

“*Due diligence committee*” means the due diligence committee authorized by Iowa Code section 15.103 as amended by 2005 Iowa Acts, House File 868, section 4, and described in 261—subrule 1.3(4).

“*Fund*,” “*IVF*” or “*values fund*” means the grow Iowa values fund created in 2005 Iowa Acts, House File 868, section 1.

261—2.3(81GA, HF868, HF809) Grow Iowa values fund. The fund includes moneys appropriated to the department by the general assembly for the fund, interest earned, repayments and recaptures of loans and grants. Pursuant to 2005 Iowa Acts, House File 868, section 1, the fund is under the control of and administered by the department.

261—2.4(81GA, HF868, HF809) Allocation of grow Iowa values fund moneys. Pursuant to 2005 Iowa Acts, House File 809, section 18, \$50 million is appropriated from the grow Iowa values fund to the department each fiscal year for the fiscal period beginning July 1, 2005, and ending June 30, 2015. The fund moneys are allocated as follows:

\$35M – For programs administered by the department, marketing and other specified uses.

\$ 5M – To the state board of regents for institutions of higher learning under the control of the state board of regents, for specific activities.

\$ 1M – For projects in targeted state parks, state banner parks and destination parks.

\$ 1M – For the cultural trust fund administered by the department of cultural affairs.

\$ 7M – For workforce training and economic development funds of the community colleges.

\$ 1M – For economic development region initiatives.

2.4(1) *Funding for programs administered by the department, marketing, other specified uses.*

a. IDED programs. Pursuant to 2005 Iowa Acts, House File 809, section 19(1a), \$35 million is appropriated to the department for each of the fiscal years identified above for deposit in the fund for programs administered by the department. The grow Iowa values fund moneys can be used to fund projects and activities under the value-added agricultural products and processes financial assistance program (VAAPFAP) (261—Chapter 57), the community economic betterment (CEBA) program (261—Chapter 53), the entrepreneurial ventures assistance (EVA) program (261—Chapter 60), the targeted small business financial assistance program (TSBFAP) (261—Chapter 55), the physical infrastructure assistance program (PIAP) (261—Chapter 61), the brownfield redevelopment program (261—Chapter 65), and other programs administered by the department.

b. Administrative costs. The department may use up to one and one-half percent of the \$35 million allocation for administrative purposes.

c. Business incentives, marketing, and research and development. Each fiscal year the department shall allocate a percentage of the fund moneys for business start-ups, business expansions, business modernization, business attraction, business retention, marketing, and research and development. The department may adjust the allocation during the year if it determines that it is necessary to do so to ensure the availability of funds in those categories in which a greater need is demonstrated to exist or to respond to investment opportunities.

d. Technical assistance, labor shed study and transportation purposes. A portion of the \$35 million may also be used to procure technical assistance from the public or private sectors, for information technology purposes, for a statewide labor shed study, and for rail, air, or river port transportation-related purposes. For applications involving rail, air, or river port transportation-related purposes, fund assistance is only available if the activity is directly related to an economic development project and the values fund moneys are used to leverage other financial assistance moneys.

e. E-85 blended gasoline financial incentive program. The department may allocate a maximum of \$325,000 each fiscal year for the fiscal period beginning July 1, 2005, and ending June 30, 2008, to provide financial incentives for an E-85 blended gasoline financial incentive program. Financial incentives are available for the installation or conversion of infrastructure used by service stations to sell and dispense E-85 blended gasoline and for the installation or conversion of infrastructure required to establish on-site and off-site terminal facilities that store biodiesel for distribution to service stations. The department shall provide for an addition of at least 30 new or converted E-85 retail outlets and 4 new or converted on-site or off-site terminal facilities. The department may provide for the marketing of these products in conjunction with this infrastructure program. The department will issue a request for proposal (RFP) to seek qualified applicants for this program. The RFP will identify the maximum amounts available, eligibility requirements, evaluation criteria, due dates and other information necessary to evaluate the responses to the RFP.

f. Board approval. The board shall approve or deny financial assistance applications and other activities funded with moneys provided through this \$35 million allocation from the grow Iowa values fund.

2.4(2) *Application procedures for programs administered by the department and funded with grow Iowa values fund moneys.*

a. Compliance with program rules and requirements. Businesses and communities seeking financial assistance from a department program shall comply with the department's application procedures, processes, rules, and wage and benefit requirements for that program. If an application will be funded using moneys from the grow Iowa values fund, applicants shall also comply with the requirements of this chapter, including the IVF wage requirement. To apply for moneys from the grow Iowa values fund, applicants shall submit to the department for consideration by the due diligence committee and the board an application, which shall be in a form provided by the department. Application forms and directions for completing the forms are available online at the department's Web site at www.iowalifechanging.com or at the department's offices located at 200 East Grand Avenue, Des Moines, Iowa 50309.

b. IVF wage requirement.

(1) In order to receive financial assistance from the grow Iowa values fund, applicants shall demonstrate that the average annual wage, including benefits, of project jobs will be equal to or exceed 130 percent of the average county wage. "Average county wage" means the average the department calculates using the most current four quarters of wage and employment information as provided in the quarterly covered wage and employment data report as provided by the Iowa department of workforce development. Agricultural/mining and governmental employment categories are deleted in compiling the wage information. "Benefits" means all of the following: medical and dental insurance plans, pension and profit-sharing plans, child care services, life insurance coverage, vision insurance plan, and disability coverage.

(2) If an applicant is applying for grow Iowa values fund moneys, the department will first review the application to ensure that the IVF wage requirement is met. The department will then review the application for compliance with the wage and benefit requirements of the department program from which financial assistance is to be provided.

c. IVF wage requirement waiver.

(1) Applicants may request that the board waive the IVF wage requirement upon a showing of good cause. For purposes of this paragraph, "good cause" includes but is not limited to the following:

1. The community in which the project will be located can demonstrate economic distress based on a combination of factors including but not limited to:

- A county family poverty rate significantly higher than the state average.
- A county unemployment rate significantly higher than the state average.
- A unique opportunity to use existing unutilized facilities in the community.
- A significant downsizing or closure by one of the community's major employers.
- An immediate threat posed to the community's workforce due to the downsizing or closure of a business.

2. The proposed project meets all of the following criteria:

- The business is in one of the state's targeted industry clusters: life sciences, information solutions, and advanced manufacturing.
- All jobs created as a result of the project will have a starting wage, not including benefits, equal to or greater than 100 percent of the average county wage.
- The business is headquartered in Iowa or, as a result of the proposed project, will be headquartered in Iowa. In lieu of the business's being headquartered in Iowa, the project has unique aspects which will assist the department in meeting one or more of its strategic objectives.

(2) Requests to waive an eligibility requirement must be submitted in writing to the department when the business's application is submitted. The waiver request shall include documentation from other sources confirming the statistical data cited in the request. The waiver request will be reviewed as part of the application review process and acted upon by the board. If the request for a waiver is approved, the board will proceed with a final decision on the application.

(3) The board will give extra consideration to wage waiver requests when the request is for a value-added agricultural products and processes financial assistance program (VAAPFAP) project or for a project located in an economic enterprise area. An "economic enterprise area" means an area that consists of at least one county containing no city with a population of more than 23,500 and that shall meet at least three of the following criteria:

1. A per capita income of 80 percent or less than the national average.
2. A household median income of 80 percent or less than the national average.
3. Twenty-five percent or more of the population of the economic enterprise area with an income level of 150 percent or less of the United States poverty level as defined by the most recently revised poverty income guidelines published by the United States Department of Health and Human Services.
4. A population density in the economic enterprise area of less than ten people per square mile.
5. A loss of population as shown by the 2000 certified federal census when compared with the 1990 certified federal census.
6. An unemployment rate greater than the national rate of unemployment.
7. More than 20 percent of the population of the economic enterprise area consists of people over the age of 65.

d. Additional consideration for projects funded with grow Iowa values fund moneys. In reviewing applications for financial assistance, the board, the department and the due diligence committee shall consider providing assistance to projects that increase value-added income to individuals or organizations involved in agricultural business or biotechnology projects. Such projects need not create jobs specific to the project site; however, these projects must foster the knowledge and creativity necessary to promote the state's agricultural economy and to increase employment in urban and rural areas as a result. In providing financial assistance from the fund, the board shall, whenever possible, coordinate the assistance with other department programs.

2.4(3) *Funding to the state board of regents for institutions of higher learning under the control of the state board of regents for specific activities.*

a. Use of funds. Five million dollars is available for financial assistance to institutions of higher learning under the control of the state board of regents (Iowa State University (ISU), University of Iowa (U of I), University of Northern Iowa (UNI)). These funds must be used for capacity building infrastructure in areas related to technology commercialization, for marketing and business development efforts in areas related to technology commercialization, entrepreneurship, and business growth, and for infrastructure projects and programs needed to assist in the implementation of activities under Iowa Code chapter 262B as amended by 2005 Iowa Acts, House File 868.

(1) In allocating moneys to institutions under the control of the state board of regents, the state board of regents shall require the institutions to provide a one-to-one match of additional moneys for the activities funded with moneys provided under this subrule.

(2) The state board of regents may allocate moneys available under this subrule for financial assistance to a single biosciences development organization determined by the department to possess expertise in promoting the area of bioscience entrepreneurship. The organization must be composed of representatives of both the public and the private sector and shall be composed of subunits or subcommittees in the areas of existing identified biosciences platforms, education and workforce development, commercialization, communication, policy and governance, and finance. Such financial assistance shall be used for purposes of activities related to biosciences and bioeconomy development under Iowa Code chapter 262B as amended by 2005 Iowa Acts, House File 868, and to accredited private universities in this state.

b. Annual state board of regents report. Each fiscal year, the state board of regents shall report how the funds were used and allocated among ISU, U of I, UNI, a bioscience organization, and private universities.

c. Board action. The board shall hear a report from the state board of regents and accept, or request additional information regarding, the use of the \$5 million allocation from the grow Iowa values fund to the state board of regents.

2.4(4) Funding for projects in targeted state parks, state banner parks and destination parks.

a. Use of funds. One million dollars is available for purposes of providing financial assistance for projects in targeted state parks, state banner parks, and destination parks. For purposes of this subrule, "state banner park" means a park with multiple uses and which focuses on the economic development benefits of a community or area of the state.

b. Annual DNR plan. The department of natural resources shall submit a plan to the department for the expenditure of moneys allocated under this subrule. The plan shall focus on improving state parks, state banner parks, and destination parks for economic development purposes.

c. Board action. The board shall approve or deny the proposed plan for use of the \$1 million allocation from the grow Iowa values fund for state parks. Upon approval of the plan, a contract shall be executed between the department and the department of natural resources to provide financial assistance to the department of natural resources for support of state parks, state banner parks, and destination parks.

2.4(5) Funding for the cultural trust fund administered by the department of cultural affairs.

One million dollars is appropriated to the office of the treasurer of state for deposit in the Iowa cultural trust fund created in Iowa Code section 303A.4 and administered by the department of cultural affairs. The department shall transfer the moneys allocated from the grow Iowa values fund for this purpose to the treasurer of state.

2.4(6) Funding for workforce training and economic development funds of the community colleges. Seven million dollars is allocated for deposit into the workforce training and economic development funds of the community colleges created pursuant to Iowa Code section 260C.18A as amended by 2005 Iowa Acts, House File 868, sections 35 to 37. The department shall transfer the moneys allocated from the grow Iowa values fund to the workforce training and economic development fund.

2.4(7) Funding for economic development region initiatives.

a. Funds available. One million dollars is available for providing assistance to economic development regions. These moneys are allocated as follows:

\$350,000 – To ISU, for establishment of small business development centers in certain areas of the state.

\$ 50,000 – To the department, for assistance to Iowa business resource centers authorized in 2005 Iowa Acts, House File 868, section 8.

\$600,000 – To the department, for financial assistance to economic development regions, for the establishment of a regional economic development revenue sharing pilot project.

b. Allocation of \$600,000 for economic development region initiatives. The department shall annually allocate the \$600,000 available under this subrule for economic development region initiatives. The department may adjust the allocation during the year if it determines that it is necessary to do so to ensure the availability of funds in those categories in which a greater need is demonstrated to exist. The \$600,000 is available for the following:

(1) Financial assistance to economic development regions. A portion of the \$600,000 may be allocated for financial assistance to economic development regions. An economic development region may apply for:

1. Financial assistance for physical infrastructure needs;

2. Financial assistance to assist an existing business threatened with closure due to the potential consolidation of an out-of-state location;

3. Financial assistance to establish and operate an entrepreneurial initiative.

(2) Regional economic development revenue sharing pilot project. The department may establish and administer a regional economic development revenue sharing pilot project for one or more regions. The department shall take into consideration the geographical dispersion of the pilot projects. The department shall provide technical assistance to the regions participating in a pilot project.

(3) Designation as an economic enterprise area. An economic development region may apply to the department for approval to be designated as an economic enterprise area. The department shall approve no more than ten regions as economic enterprise areas.

261—2.5(81GA, HF868, HF809) Contract administration.

2.5(1) Notice of award. Successful applicants will be notified in writing of the board's award of assistance, including any conditions and terms of the approval.

2.5(2) Contract required. The board shall direct the department to prepare an agreement, which includes, but is not limited to, a description of the project to be completed by the business; the jobs to be created or retained; length of the project period; conditions to disbursement as approved by the board; a requirement for annual updates to the department's return on investment model; and the reimbursement requirements of the business or other penalties imposed on the business in the event the business does not fulfill its obligations described in the contract and other specific repayment provisions ("clawback provisions") to be established on a project-by-project basis. Successful applicants will be required to execute an agreement within 120 days of the approval. Failure to do so may result in action by the board to rescind the award. The 120-day time limit may be extended by the board for good cause shown.

2.5(3) Contract amendments. Any substantive change to a funded project will require a contract amendment approved by the department and, if required by subrule 2.5(4), approved by the due diligence committee or the board. Substantive changes include, but are not limited to, contract time extensions, budget revisions, and significant alterations of existing activities or beneficiaries.

2.5(4) Situations requiring committee approval. The due diligence committee shall have the authority to act on behalf of the board and take final action on budget revision amendments that would substantially change the award terms or conditions, or contract terms or conditions; on the discontinuance or suspension of collection efforts; and on negotiated settlements for projects that do not meet contract requirements. The committee may decide to take final action or to refer the matter to the full board for action.

These rules are intended to implement 2005 Iowa Acts, House File 868 and House File 809.

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CHAPTER 3 PETITION FOR DECLARATORY RULING

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