

**ECONOMIC DEVELOPMENT AUTHORITY[261]**

**Adopted and Filed**

**Rulemaking related to alternate energy revolving loan program**

The Economic Development Authority hereby rescinds Chapter 405, “Alternate Energy Revolving Loan Program,” Iowa Administrative Code, and adopts a new Chapter 405 with the same title.

*Legal Authority for Rulemaking*

This rulemaking is adopted under the authority provided in Iowa Code sections 15.120 and 476.46.

*State or Federal Law Implemented*

This rulemaking implements, in whole or in part, Iowa Code section 476.46.

*Purpose and Summary*

Pursuant to Executive Order 10, the Authority is rescinding Chapter 405 and adopting a new chapter in lieu thereof. The chapter describes the policies and procedures applicable to the Alternate Energy Revolving Loan Program. The Program encouraged the development of alternate energy production facilities and small hydro facilities within the State. New applications for loans ceased as of June 30, 2021, pursuant to 2021 Iowa Acts, Senate File 619, but the chapter continues to apply to outstanding loans. The updated chapter is clearer and more concise throughout and omits language relating to the approval of new loans.

*Public Comment and Changes to Rulemaking*

Notice of Intended Action for this rulemaking was published in the Iowa Administrative Bulletin on January 7, 2026, as **ARC 9950C**. A public hearing was held on the following date(s):

- January 27, 2026
- January 29, 2026

No one attended the public hearings. No public comments were received. No changes from the Notice have been made.

*Adoption of Rulemaking*

This rulemaking was adopted by the Iowa Energy Center Board on May 5, 2026.

*Fiscal Impact*

This rulemaking has no fiscal impact to the State of Iowa.

*Jobs Impact*

After analysis and review of this rulemaking, no impact on jobs has been found.

*Waivers*

Any person who believes that the application of the discretionary provisions of this rulemaking would result in hardship or injustice to that person may petition the Authority for a waiver of the discretionary provisions, if any, pursuant to 261—Chapter 199.

*Review by Administrative Rules Review Committee*

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rulemaking by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rulemaking at its [regular monthly meeting](#) or at a special meeting.

The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

*Effective Date*

This rulemaking will become effective on July 1, 2026.

The following rulemaking action is adopted:

ITEM 1. Rescind 261—Chapter 405 and adopt the following **new** chapter in lieu thereof:

CHAPTER 405  
ALTERNATE ENERGY REVOLVING LOAN PROGRAM

**261—405.1(15) Definitions.**

*“Alternate energy production facility”* means the same as defined in Iowa Code section 476.42.

*“Authority”* means the economic development authority created in Iowa Code section 15.105.

*“Board”* means the governing board of the Iowa energy center established pursuant to Iowa Code section 15.120(2).

*“Iowa energy center”* or *“IEC”* means the Iowa energy center established by Iowa Code section 15.120.

*“Project”* means the construction of an alternate energy production facility or a small hydro facility.

*“Small hydro facility”* means the same as defined in Iowa Code section 476.42.

**261—405.2(15) Loan amounts and terms.**

**405.2(1)** The minimum loan amount is \$25,000 per project, and the maximum loan amount shall not exceed the amount set forth in Iowa Code section 476.46(2) “d.”

**405.2(2)** The board shall not lend more than 50 percent of eligible project costs.

**405.2(3)** Loan terms will be consistent with Iowa Code section 476.46(2) “e.”

**405.2(4)** A borrower shall be eligible for not more than \$1 million in loans outstanding at any time under this program.

**405.2(5)** The board shall not issue a loan that exceeds the value of the collateral provided.

**405.2(6)** The board will accept security for a loan. The following forms of collateral will be accepted:

*a.* Real property;

*b.* Dedicated certificate of deposit;

*c.* Irrevocable letter of credit;

*d.* Corporate guarantee;

*e.* Other forms of collateral if approved by the board and only if the forms of collateral listed in paragraphs 405.2(6) “a” through “d” are inadequate.

**405.2(7)** Term. The duration of the loan shall be for 20 years, the estimated useful life of the project that is financed by the loan, the terms of any other loans used to finance the project, or the estimated return on investment time period for the project, whichever is shortest.

**261—405.3(15) Borrowers.**

**405.3(1)** *Eligible borrowers.* The project shall be wholly owned by an eligible borrower. Eligible borrowers include:

*a.* Persons whose primary residence is in Iowa.

*b.* Businesses registered and domiciled in Iowa. For businesses organized as limited liability companies, each member of the limited liability company must be domiciled in Iowa and be an eligible borrower.

*c.* Water and wastewater utilities subject to Iowa Code chapter 388, rural water districts subject to Iowa Code chapters 357A and 504, and sanitary districts subject to Iowa Code chapter 358.

**405.3(2)** *Ineligible borrowers.* Ineligible borrowers include:

- a. An organization that is lending to a project and also owns the project or is a member of an organization that owns the project.
- b. An individual or an organization with a history of defaulted loans or compliance violations with other state programs or rules.
- c. Regents institutions.
- d. Community colleges.
- e. State agencies.
- f. Cities, but not water or wastewater utilities subject to Iowa Code chapter 388.
- g. Counties.
- h. School districts.
- i. Nonprofit organizations.
- j. Gas and electric utilities subject to Iowa Code chapter 388 or rural electric cooperatives subject to Iowa Code chapter 476.

**261—405.4(15) Administration.**

**405.4(1) Amendment.** Any substantive change to a project shall require an amendment to the loan agreement. The borrower shall request the amendment in writing. No substantive amendment shall be valid until approved by the board. The authority may execute nonsubstantive or corrective changes to the loan agreement without board approval.

**405.4(2) Closeout.** Upon project completion, the authority will initiate project closeout procedures.

**405.4(3) Recordkeeping and retention.** Borrowers shall retain all financial records, all supporting documents, and all other records pertinent to the loan for five years after the loan agreement is closed or the date the authority issues a written notice of default if the default is not cured.

**405.4(4) Reporting and compliance.** The authority reserves the right to conduct a site visit of all awarded projects to ensure the projects were built as proposed and to provide verification of ongoing operation. The authority will monitor all loans to ensure that loan proceeds have been spent as identified in the contract and that all other sources of financing have been committed to the project. Borrowers shall be required to notify the authority of any change in ownership.

**405.4(5) Default.**

a. At any time during the construction of a project or the repayment of the loan, the authority may find that a borrower is in default under the terms of the loan agreement. The authority will take prompt, appropriate, and aggressive debt collection action to recover any funds misspent by borrowers.

b. If the authority determines that a borrower is in default, the authority may seek recovery of the loan plus interest or other penalties as authorized pursuant to Iowa Code section 476.46, negotiate alternative payment schedules, suspend or discontinue collection efforts, and take other action as the authority deems necessary.

c. The authority shall attempt to collect the amount owed. Any negotiated settlement, write-off, or discontinuance of collection efforts is subject to final review by and approval of the board.

d. If the authority refers a defaulted loan to outside counsel for debt collection, then the terms of the contract between the authority and the outside counsel regarding the scope of counsel's authorization to accept settlements shall apply.

**261—405.5(15) Applicability after June 30, 2021.** To the extent allowed by other provisions of law, the rules adopted in this chapter shall continue to apply to agreements entered into on or before June 30, 2021.

These rules are intended to implement Iowa Code sections 15.120 and 476.46.

[Filed 5/6/26, effective 7/1/26]

[Published 5/27/26]

EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 5/27/26.