

ECONOMIC DEVELOPMENT AUTHORITY[261]

Notice of Intended Action

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)“b.”

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of 2011 Iowa Code Supplement section 15.106A, the Economic Development Authority hereby gives Notice of Intended Action to amend Chapter 101, “Division Responsibilities”; to rescind Chapter 102, “Information Technology Joint Venture Fund,” and to adopt a new Chapter 102, “Entrepreneur Investment Awards Program”; to amend Chapter 103, “Information Technology Training Program,” Chapter 104, “Targeted Industries Internship Program,” and Chapter 105, “Demonstration Fund”; to rescind Chapter 106, “Community College Equipment and Training Fund,” and to adopt a new Chapter 106, “Small Business Innovation Research and Technology Transfer Outreach Program”; to amend Chapter 107, “Targeted Industries Networking Fund”; to rescind Chapter 108, “Targeted Industries Student Competition Fund,” and to adopt a new Chapter 108, “Acceleration and Development of Innovative Ideas and Businesses”; to amend Chapter 109, “Targeted Industries Career Awareness Fund,” and Chapter 111, “Supply Chain Development Program”; to rescind Chapter 112, “Management Talent Recruitment Program”; and to amend Chapter 114, “Iowa Innovation Council,” Iowa Administrative Code.

The amendments herein do the following: (1) implement changes to the Authority’s existing innovation and commercialization programs required by the General Assembly’s enactment of 2012 Iowa Acts, House File 2473, and 2012 Iowa Acts, Senate File 2212, including the elimination of certain programs and transitional provisions for other programs that will be phased out when all existing contracts are closed out; (2) create new programs contemplated by the enactment of 2012 Iowa Acts, House File 2473, including certain programs that will be delegated to and administered in partnership with the Iowa Innovation Corporation; and (3) make certain changes in conformance with 2011 Iowa Acts, House File 590, which eliminated the former Department of Economic Development and replaced it with the Economic Development Authority.

The Economic Development Authority Board approved these amendments on September 21, 2012, at its regular monthly meeting.

Public comments concerning the proposed amendments will be accepted until 4:30 p.m. on November 6, 2012. Interested persons may submit written comments to: Timothy Whipple, Economic Development Authority, 200 East Grand Avenue, Des Moines, Iowa 50309; telephone (515)725-3124; e-mail tim.whipple@iowa.gov.

After analysis and review of this rule making, the Authority finds that a positive impact on jobs will result. The amendments implement new programs intended to stimulate the economy by eliminating outdated and ineffective programs and rules, accelerating the commercialization of research, building partnerships between industry and university researchers, funding entrepreneurial investment support entities, increasing the amount of federal SBIR/STTR funding in Iowa, and developing new and innovative businesses in the state.

These amendments are intended to implement 2012 Iowa Acts, House File 2473, division II, and 2012 Iowa Acts, Senate File 2212, division III.

The following amendments are proposed.

ITEM 1. Amend **261—Chapter 101** as follows:

PART V
INNOVATION AND COMMERCIALIZATION DIVISION ACTIVITIES
CHAPTER 101
DIVISION MISSION AND RESPONSIBILITIES

261—101.1(15) Mission. The mission of the authority in regard to innovation and commercialization division is to grow Iowa’s economy by fostering entrepreneurship and supporting the workforce, commercialization, and marketing activities of innovative businesses, including businesses in the advanced manufacturing, biosciences, and information technology industries.

261—101.2(15) ~~Division responsibilities~~ Responsibilities. The ~~division’s~~ authority’s primary responsibilities are to assist start-up and existing companies with commercialization of new technologies; to foster entrepreneurship; and to coordinate the marketing, education, and workforce efforts of the state with respect to innovative businesses, including businesses in the industries of advanced manufacturing, biosciences, and information technology.

101.2(1) Commercialization. Commercialization activities include, but are not limited to, ~~program administration of the demonstration fund, the information technology joint venture fund, and the business accelerator program and oversight of the efforts of the statewide commercialization entity programs described in this part.~~ Additionally, the division’s authority’s commercialization activities include the facilitation of technology transfer at Iowa’s state universities to the greatest extent possible. Finally, such activities also include coordinating with the Iowa innovation corporation to ensure that the goal of public and private sector collaboration is furthered to the greatest extent possible.

101.2(2) Entrepreneurship. Entrepreneurship activities include, but are not limited to, administrating the venture network of Iowa, coordinating the Iowa equity funds, and ~~staffing the small business advisory council~~ coordinating with services providers across the state to increase entrepreneurship in Iowa.

101.2(3) Marketing, education, and workforce development. Marketing, education, and workforce development efforts for ~~the targeted industries~~ innovative businesses include, but are not limited to, overseeing the ~~information technology job training program and the targeted industries internship program and assisting in the administration of a statewide career awareness program.~~

These rules are intended to implement Iowa Code chapter 15 and 2007 Iowa Acts, House File 829, section 4 as amended by 2012 Iowa Acts, House File 2473.

ITEM 2. Rescind 261—Chapter 102 and adopt the following **new** chapter in lieu thereof:

CHAPTER 102
ENTREPRENEUR INVESTMENT AWARDS PROGRAM

261—102.1(15E) Authority. The authority for adopting rules establishing the entrepreneur investment awards program under this chapter is provided in 2012 Iowa Acts, House File 2473, division I.

261—102.2(15E) Purpose. The purpose of the entrepreneur investment awards program is to provide grants to service providers that provide technical and financial assistance to covered entrepreneurs.

261—102.3(15E) Definitions. As used in this chapter, unless the context otherwise requires:

“*Applicant*” means a service provider applying to the authority for a grant under the program.

“*Authority*” means the economic development authority created in 2011 Iowa Code Supplement section 15.105.

“*Board*” means the members of the economic development authority appointed by the governor and in whom the powers of the authority are vested pursuant to 2011 Iowa Code Supplement section 15.105.

“*Committee*” means the technology commercialization committee established by the board pursuant to 261—Chapter 1.

“*Corporation*” means the Iowa innovation corporation created pursuant to 2011 Iowa Code Supplement section 15.107.

“*Covered entrepreneurs*” means entrepreneurs seeking to create, locate, or expand a business in the state if the entrepreneur’s business derives or intends to derive more than 10 percent of its gross sales from markets outside of the state.

“*Deliverables*” means the performance of duties or other obligations required of an applicant under a contract entered into with the authority in consideration for the receipt of grant funds under the program. At a minimum, “deliverables” includes the continued maintenance of all initial eligibility requirements for the duration of a contract entered into under the program and may include such other terms and conditions as the authority deems necessary to effectuate the legislative intent of the program or to protect the interest of taxpayers.

“*Domicile*” means the principal place from which the trade or business of a service provider is directed or managed.

“*Expended funds*” means the amount of money spent by an applicant during the applicant’s previous fiscal year to provide technical and financial assistance to covered entrepreneurs. “Expended funds” only includes moneys spent directly on the provision of such technical and financial assistance. “Expended funds” does not include grants awarded pursuant to this chapter, moneys used to repay loans, moneys used to raise funds from investors, donors or lenders, or any moneys invested in the applicant’s clients’ businesses.

“*Fund*” means the entrepreneur investment awards program fund created pursuant to 2012 Iowa Acts, House File 2473, section 22.

“*Iowa-based business*” means a service provider whose domicile is Iowa and that is actively providing services to covered entrepreneurs in the state.

“*Operating costs*” means the expenses associated with administering a service provider’s activities on a day-to-day basis. “Operating costs” includes both fixed costs and variable costs. “Operating costs” does not include expenses associated with non-operating activities such as interest expenses, repayment of principal, or moneys invested by the service provider in clients’ businesses or in other ventures.

“*Program*” means the entrepreneur investment awards program established pursuant to 2012 Iowa Acts, House File 2473, section 21.

“*Service provider*” means a for-profit entity or a nonprofit organization that provides technical and financial assistance to covered entrepreneurs.

261—102.4(15E) Program description, application procedures, and delegation of functions.

102.4(1) Program description. The program is designed to provide grants to service providers meeting the eligibility requirements described in rule 261—102.6(15E). All awards of grant funds must ultimately be approved by the board, and a contract must be entered into before grant funds will be disbursed. All contracts will specify the deliverables required in consideration for the provision of funds.

102.4(2) Application and award procedures. Eligible service providers may submit applications to the authority. The applications will receive an initial review to confirm program eligibility before being sent to the committee for a recommendation on funding. The committee will provide its recommendation to the board for a final determination on funding. The board may approve, deny, or defer each application for a grant under the program. The board will consider applications for funding on a first-come, first-served basis. If the board approves funding for a service provider, the authority will prepare a required contract specifying the terms and conditions under which funds are provided to the service provider.

102.4(3) Delegation of certain administrative functions to the corporation. The authority will delegate certain administrative functions of the program to the corporation. The functions that will be delegated are:

a. The initial application review process, including an analysis of whether the service provider meets all requirements of eligibility under the program. In analyzing an applicant's eligibility, the corporation shall verify that all objective criteria for eligibility are met as described in subrule 102.6(1) and shall provide an opinion as to whether and to what extent the applicant meets the subjective criteria described in subrule 102.6(2). The analysis of eligibility shall be compiled in report form and submitted to the committee for its use in making a recommendation and to the board for its use in making a final determination.

b. The formulation of deliverables to be required under the contract. The corporation shall recommend to the authority the terms and conditions to be included in the contract in consideration for receipt of the grant funds.

c. The tracking and monitoring of the service provider's performance under a program contract, including an analysis of whether the service provider's deliverables meet all requirements of the contract and including an evaluation of the value added by the service provider to the businesses of covered entrepreneurs. The evaluation shall be provided by the corporation in furtherance of the program review and report required of the authority pursuant to 2012 Iowa Acts, House File 2473, section 21.

102.4(4) Administrative functions not delegated. The authority will retain, and not delegate, the authority to perform all of the following functions: (1) the final determination as to whether to approve, deny, or defer the award of program funds to a service provider; (2) the disbursement of program funds to a service provider; (3) the final determination as to whether a service provider is in default of a contract entered into under the program, including all decisions regarding appropriate remedies for such a default; and (4) any other function not clearly delegated to the corporation pursuant to subrule 102.4(3).

261—102.5(15E) Program funding.

102.5(1) Aggregate fiscal year limitation. The authority will not award more than \$200,000 in grants under the program in any one fiscal year.

102.5(2) Individual applicant limitation. The authority will limit the amount of program funds that any individual applicant may receive. The amount awarded to an individual applicant shall equal the lowest of the following amounts:

a. An amount equal to 25 percent of the applicant's total expended funds during the applicant's previous fiscal year.

b. An amount equal to 100 percent of funds raised by the applicant in the previous fiscal year from private foundations, the federal government, local governments, financial institutions, or individuals.

c. Two hundred thousand dollars.

102.5(3) Program funding source and allocation. Moneys for grants under the program will be awarded from the moneys in the entrepreneur investment awards program fund created pursuant to 2012 Iowa Acts, House File 2473, section 22. Moneys are deposited in this fund by the authority pursuant to 2012 Iowa Acts, House File 2473, section 13. The amount deposited each year depends on the amount allocated for such purposes under 2012 Iowa Acts, House File 2473, section 13.

102.5(4) Use of grant funds. An applicant receiving grant funds under the program shall only use such funds for the purpose of defraying operating costs actually incurred.

102.5(5) Sunset date. No grants will be awarded under the program after June 30, 2014, unless the program is extended by the general assembly.

261—102.6(15E) Eligibility requirements. In order to be eligible for a grant under the program, an applicant must meet the requirements of this rule. This includes meeting a list of objective criteria as well as a list of subjective criteria as follows.

102.6(1) Objective criteria. An applicant shall meet all of the following criteria:

a. The applicant's expended funds total shall be at least \$500,000 during the applicant's most recent previous fiscal year. In order to establish that this criterion is met, the applicant may be required to provide financial information, payroll information, invoices, canceled checks, bank statements or other similar information.

b. The applicant must provide services that meet the broad-based needs of covered entrepreneurs. In order to establish that this criterion is met, the applicant may be required to provide documentation substantiating the provision of such services. Such documentation may include strategic plans, operating plans, marketing plans, budgets, audited financials, corporate minutes, articles of incorporation, operating agreements, or bylaws.

c. The applicant must communicate and cooperate with other entities in the state offering similar services. In order to establish that this criterion is met, the applicant may be required to provide documentation demonstrating communication and cooperation. Such documentation may include contracts or memoranda of understanding with other entities or may include two or more affidavits of cooperation, signed by an officer of another entity with which the applicant is in cooperation and stating with particularity the manner and extent to which there is communication and cooperation. The authority reserves the right to make the final determination as to whether such another entity in the state offers similar services.

d. The applicant must engage various funding sources for covered entrepreneurs. In order to establish that this criterion is met, an applicant may be required to provide documentation demonstrating the results achieved for covered entrepreneurs including amounts and types of funding sources successfully engaged for a reasonable number of recent clients or partners. Such documentation may also include the overall, lifetime success rate in engaging such funding sources.

e. The applicant must communicate and cooperate with various entities for purposes of locating suitable facilities for covered entrepreneurs. In order to establish that this criterion is met, the applicant may be required to provide documentation demonstrating its efforts to locate such facilities for clients. Such documentation may include two or more affidavits of cooperation from local entities, signed by an officer of such an entity and stating with particularity the efforts undertaken to locate such facilities.

f. The applicant shall be an Iowa-based business.

102.6(2) Subjective criteria. An applicant shall meet all of the following criteria:

a. The business experience of the professional staff employed by the applicant. In order to allow assessment of this criterion, the applicant may be required to submit documentation of such experience. Such documentation may include résumés, curriculum vitae, and other professional biographical information.

b. The business plan review capacity of the applicant's professional staff. In order to allow assessment of this criterion, the applicant may be required to submit documentation of such capacity. Such documentation may include project lists, work plans, or other resources reasonably necessary to assess capacity.

c. The expertise of the applicant's professional staff in all aspects of business disciplines. If the information required pursuant to the criterion in paragraph 102.6(2) "a" is insufficient to allow assessment of this criterion, additional information may be required.

d. The applicant's professional staff's access to external service providers including legal, accounting, marketing, and financial services. In order to allow assessment of this criterion, the applicant may be required to submit documentation of such access. Appropriate sources of documentation in this context will be determined on an ad hoc basis.

261—102.7(15E) Contract and report information required.

102.7(1) Contract required. An applicant awarded grant funds under the program shall enter into a contract with the authority for the receipt of such funds. The authority will include certain deliverables in the contract as recommended by the corporation and will delegate to the corporation the tracking and monitoring of all contract provisions. The corporation shall provide regular reports to the authority on the progress of the applicant and on the results of the tracking and monitoring. The authority will make the final determination as to compliance with the terms of the contract and will make the final determination as to whether and when to disburse funds to the applicant.

102.7(2) Reporting information required. Under 2012 Iowa Acts, House File 2473, section 21, the authority is required to report on the success of the program to the legislature. An applicant may be

required to submit all information necessary for the authority to produce such a report. The authority may include terms in the required contract effectuating this requirement.

These rules are intended to implement 2012 Iowa Acts, House File 2473.

ITEM 3. Amend rule 261—103.1(15,83GA,SF142) as follows:

261—103.1(15,83GA,SF142) Authority—program termination and transition.

103.1(1) Authority. The authority for ~~establishing~~ adopting rules governing the information technology training program under this chapter is provided in 2011 Iowa Code section 15.411(10).

103.1(2) Program termination and transition. The information technology training program in this chapter was established pursuant to 2011 Iowa Code Supplement section 15.411(5). In 2012 Iowa Acts, House File 2473, section 31, the general assembly rescinded the provisions that provided the statutory basis for the program. The rules in this chapter that were in effect upon the repeal of the program shall apply to all awards made and all contracts entered into under the program on or before June 30, 2012, and shall continue to apply until such time as all such contracts, including all amendments to such contracts, reach the end of their effective contract periods and are closed by the authority. No new awards will be made under the program, and no new contracts will be entered into on or after July 1, 2012.

ITEM 4. Amend rule 261—103.3(15,83GA,SF142) as follows:

261—103.3(15,83GA,SF142) Definitions.

“Authority” means the economic development authority created in 2011 Iowa Code Supplement section 15.105.

“Board” means the Iowa members of the economic development board established in Iowa Code section 15.103 authority appointed by the governor and in whom the powers of the authority are vested pursuant to 2011 Iowa Code Supplement section 15.105.

“Committee” means the technology commercialization committee created by the board pursuant to Iowa Code section 15.116 established by the board pursuant to 261—Chapter 1.

“Department” means the Iowa department of economic development.

“High-level technical training” means training that provides knowledge or skills that are clearly recognized throughout the industry as current and advanced for a particular occupation.

“Information technology professional” means an employee primarily engaged in the delivery of information technology services in one of the following SOC job classifications or in any similar SOC job classification:

1. Networking and systems support: 11-3021, 15-1041, 15-1051, 15-1061, 15-1071, 15-1081, 15-1099, 17-3023, 17-3024.

2. Programming and engineering: 15-1011, 15-1021, 15-1031, 15-1032, 15-2031, 15-2099.

3. Assembly, installation and repair: 17-3012, 49-2011, 49-2022, 49-2093, 49-2094, 49-9052, 51-2022, 51-2023, 51-4011, 51-4012, 51-9141.

“SOC” means Standard Occupational Classification (SOC) System.

ITEM 5. Strike “department” wherever it appears in rules **261—103.5(15,83GA,SF142)** and **261—103.13(15,83GA,SF142)** and insert “authority” in lieu thereof.

ITEM 6. Amend rule 261—103.11(15,83GA,SF142) as follows:

261—103.11(15,83GA,SF142) Application and review process.

103.11(1) An eligible business must submit an application for training assistance, on a form provided by the ~~department authority~~, to the ~~Iowa Department of Economic Development, Innovation and Commercialization Division Authority~~, 200 East Grand Avenue, Des Moines, Iowa 50309. Required forms and instructions are available ~~at this~~ by contacting the authority at that address or at the department’s from the authority’s Web site at www.iowalifechanging.com www.iowaeconomicdevelopment.com.

103.11(2) The application will be reviewed by ~~department~~ authority staff, the committee and the board. The committee will make a recommendation to the board regarding an application. The board has final decision-making authority on requests for financial assistance for this program. The board may approve, defer or deny an application or may refer an application to another training program.

103.11(3) An application for assistance shall include all information required by the ~~department~~ authority including, but not limited to, the following:

a. to f. No change.

103.11(4) The ~~department~~ authority and the committee will score applications according to the criteria specified in rule 261—103.12(15,83GA,SF142).

103.11(5) and **103.11(6)** No change.

103.11(7) The ~~department~~ authority reserves the right to require additional information from a business.

103.11(8) and **103.11(9)** No change.

ITEM 7. Amend **261—Chapter 104**, title, as follows:

~~TARGETED INDUSTRIES~~ INNOVATIVE BUSINESSES INTERNSHIP PROGRAM

ITEM 8. Amend rule 261—104.1(15) as follows:

261—104.1(15) Authority. The authority for ~~establishing~~ adopting rules ~~governing the development of the targeted industries~~ establishing an innovative businesses internship program is provided in ~~2007 Iowa Acts, House File 829, section 1(6)~~ 2012 Iowa Acts, House File 2473, section 31(4).

ITEM 9. Amend rule 261—104.2(15) as follows:

261—104.2(15) Purpose. The purpose of the ~~targeted industries~~ innovative businesses internship program is to link Iowa students to internship opportunities ~~in~~ with innovative small and medium-sized firms in the biosciences, advanced manufacturing and information technology industries and to help such students ~~convert interns into prospective employees~~ their internships into employment opportunities.

ITEM 10. Amend rule 261—104.3(15) as follows:

261—104.3(15) Definitions.

“Authority” means the economic development authority created in 2011 Iowa Code Supplement section 15.105.

“Board” means the members of the economic development authority board established in 2011 Iowa Acts, House File 590, section 3 appointed by the governor and in whom the powers of the authority are vested pursuant to 2011 Iowa Code Supplement section 15.105.

“Committee” means the technology commercialization committee ~~created~~ established by the board pursuant to ~~Iowa Code section 15.116~~ 261—Chapter 1.

“Community college” means a community college established under Iowa Code chapter 260C.

“Director” means the director of the economic development authority.

“Innovative business” means the same as defined in 2011 Iowa Code Supplement section 15E.52 as amended by 2012 Iowa Acts, House File 2473, section 33.

“Internship” means temporary employment of a student that focuses on providing the student with work experience in the student’s field of study.

“Program” means the innovative businesses internship program established in this chapter.

“Prospective employee” means a student who is anticipated to be hired upon graduation.

“Student” means a student of one of the Iowa community colleges, private colleges, or institutions of higher learning under the control of the state board of regents or a student who graduated from high school in Iowa but attends an institution of higher learning outside the state of Iowa.

“Targeted industry” means the industries of advanced manufacturing, biosciences, and information technology.

ITEM 11. Amend rule 261—104.5(15) as follows:

261—104.5(15) Eligible business. Eligible businesses may apply to the authority for assistance under the program. The ~~targeted industries internship~~ program is available to Iowa businesses that meet all of the following criteria:

104.5(1) ~~An applicant~~ The business must be an Iowa-based business with fewer than 500 employees, with a significant portion employed within the state of Iowa.

104.5(2) ~~An applicant~~ The business must be engaged in ~~one of the targeted industries of biosciences, advanced manufacturing or information technology~~ an innovative business.

104.5(3) ~~An applicant~~ The business must offer the internship to students of Iowa community colleges, private colleges, or institutions of higher learning under the control of the state board of regents or to students who graduated from high school in Iowa but attend an institution of higher learning outside the state of Iowa.

104.5(4) ~~An applicant's~~ The business's summer internships must last a minimum of 8 weeks (averaging no less than 30 hours per week), and ~~an applicant's~~ the business's semester internships must last a minimum of 14 weeks (averaging no less than 10 hours per week).

ITEM 12. Amend rule 261—104.7(15) as follows:

261—104.7(15) Eligible students. Students must be within one to two years of graduation and enrolled at one of Iowa's community colleges, private colleges, or institutions of higher learning under the control of the state board of regents. A student as defined in this chapter is eligible for an internship under this rule. The authority shall encourage youth who reside in economically distressed areas, youth adjudicated to have committed a delinquent act, and youth transitioning out of foster care to participate in the ~~targeted industries internship~~ program.

ITEM 13. Amend subrule 104.9(1) as follows:

104.9(1) The authority shall develop a standardized application and make the application available to eligible businesses. To apply for ~~moneys from~~ assistance under the program, a business shall submit an application to the authority. Applications ~~must~~ may be ~~submitted~~ sent to the Economic Development Authority, ~~Innovation and Commercialization Division~~, 200 East Grand Avenue, Des Moines, Iowa 50309. Required forms and instructions are available ~~at this address by contacting the authority at that address or at~~ from the authority's Web site at www.iowalifechanging.com ~~www.iowaeconomicdevelopment.com~~.

ITEM 14. Amend subrule 104.10(1) as follows:

104.10(1) ~~Applicants~~ A business seeking assistance under the program must complete an application for internship assistance and submit it to the authority. Successful applicants must enter into a contract with the authority prior to posting or advertising the internship.

ITEM 15. Amend subrule 104.10(2) as follows:

104.10(2) If an award is made, the business shall secure an intern within the time period stated in the contract between ~~DED~~ the authority and the business.

ITEM 16. Amend subrule 104.12(2) as follows:

104.12(2) The explanation of the ~~applicant's~~ business's anticipated workforce needs and of the intern's potential for prospective employment with the business following graduation. 20 points.

ITEM 17. Amend subrule 104.13(3) as follows:

104.13(3) Reporting. ~~An applicant~~ A business which has been awarded assistance under the program shall submit any information requested by the authority in sufficient detail to permit the authority to prepare ~~the report pursuant to 2007 Iowa Acts, House File 829, section 10, and any other reports deemed necessary~~ any reports required by the authority, the board, the general assembly or the governor's office.

ITEM 18. Amend **261—Chapter 104**, implementation sentence, as follows:

These rules are intended to implement ~~2009 Iowa Code Supplement section 15.411 as amended by 2010 Iowa Acts, Senate File 2076~~ 2012 Iowa Acts, House File 2473, section 31(4).

ITEM 19. Amend **261—Chapter 105** as follows:

CHAPTER 105
DEMONSTRATION FUND

261—105.1(82GA, HF829 15) Authority. The authority for ~~establishing~~ adopting rules governing the demonstration fund under this chapter is provided in ~~2007 Iowa Acts, House File 829~~ 2011 Iowa Code Supplement section 15.411 as amended by 2012 Iowa Acts, House File 2473, section 31.

261—105.2(82GA, HF829 15) Purpose. The program established in this chapter shall be known as the demonstration fund. The purpose of the demonstration fund is ~~established~~ to provide financial and technical assistance to encourage high-technology prototype and concept development activities that have a clear potential to lead to commercially viable products or services within a reasonable period of time. The primary ~~purpose~~ objective of the fund is to help businesses with a high-growth potential reach a position where they are able to attract later stage private sector funding.

261—105.3(82GA, HF829 15) Definitions.

“Authority” means the economic development authority created in 2011 Iowa Code Supplement section 15.105.

“Board” means the Iowa members of the economic development board established in Iowa Code section 15.103 authority appointed by the governor and in whom the powers of the authority are vested pursuant to 2011 Iowa Code Supplement section 15.105.

“Committee” means the technology commercialization committee ~~created~~ established by the board pursuant to Iowa Code section 15.116 261—Chapter 1.

“Department” means the Iowa department of economic development.

“Fund” means the demonstration fund.

“IP” means intellectual property.

“NAICS” means the North American Industry Classification System.

261—105.4(82GA, HF829 15) Project funding.

105.4(1) to 105.4(5) No change.

261—105.5(82GA, HF829 15) Matching funds requirement. In order to receive financial assistance, an applicant must demonstrate the ability to secure one dollar of nonstate moneys for every two dollars received from the ~~department~~ authority.

261—105.6(82GA, HF829 15) Eligible applicants. Eligible applicants must be located in Iowa, demonstrate the potential for high growth, and be included in one of the following industries classified by the NAICS:

1. Biosciences.
2. Information technologies.
3. Advanced manufacturing.

261—105.7(82GA, HF829 15) Ineligible applicants. The following businesses are not eligible for this fund:

105.7(1) and 105.7(2) No change.

261—105.8(82GA, HF829 15) Application and review process.

105.8(1) An eligible business seeking financial or technical assistance under the fund must submit an application ~~for financial and technical assistance from the fund to the Iowa Department of to the Economic Development, Innovation and Commercialization Division~~ Authority, 200 East Grand Avenue, Des Moines, Iowa 50309, on a form provided by the department authority. Required forms and instructions are available by contacting the authority at this that address or at the department’s from the authority’s Web site at www.iowalifechanging.com www.iowaeconomicdevelopment.com.

105.8(2) To apply for financial assistance from the fund, a business shall submit an application to the ~~department authority~~, on a form provided by the ~~department authority~~. The application will be reviewed by ~~department authority~~ staff, the committee and the board. The committee will make a recommendation to the board about an application. The board has final decision-making authority on requests for financial assistance from the fund. The board may approve, defer or deny an application.

105.8(3) No change.

261—105.9(82GA, HF829 15) Application selection criteria. In reviewing applications for financial assistance, the committee and board shall consider the following criteria:

105.9(1) to 105.9(7) No change.

261—105.10(82GA, HF829 15) Contract and reporting.

105.10(1) No change.

105.10(2) Contract required. The ~~department authority~~ shall prepare a contract, which includes, but is not limited to, a description of the project to be completed by the business; conditions to disbursement; required reports; the repayment requirements 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.

105.10(3) Reporting. An applicant shall submit any information requested by the ~~department authority~~ in sufficient detail to permit the ~~department authority~~ to prepare ~~the report required pursuant to 2007 Iowa Acts, House File 829, section 10, and any other reports deemed necessary by the department authority~~ any reports required by the authority, the board, the general assembly or the governor’s office.

These rules are intended to implement 2007 Iowa Acts, House File 829, section 1(3) 2012 Iowa Acts, House File 2473, section 31(3).

ITEM 20. Rescind 261—Chapter 106 and adopt the following **new** chapter in lieu thereof:

CHAPTER 106
SMALL BUSINESS INNOVATION RESEARCH AND TECHNOLOGY
TRANSFER OUTREACH PROGRAM

261—106.1(15) Authority. The authority for adopting rules establishing the small business innovation research and technology transfer outreach program under this chapter is provided in 2012 Iowa Acts, House File 2473, division II.

261—106.2(15) Purpose and goals.

106.2(1) The purpose of the small business innovation research and technology transfer outreach program is to assist businesses with applications to the federal Small Business Innovation Research and Small Business Technology Transfer Programs. The program will provide financial and technical assistance to businesses for that purpose.

106.2(2) The goals of providing this assistance are to increase the number of successful phase II small business innovation research grant proposals in the state, increase the amount of such grant funds awarded in the state, stimulate subsequent investment by industry, venture capital, and other sources, and encourage businesses to commercialize promising technologies.

261—106.3(15) Definitions. As used in this chapter, unless the context otherwise requires:

“*Applicant*” means a business applying to the authority for assistance under the program.

“*Assistance*” means technical and financial assistance available under the program.

“*Authority*” means the economic development authority created in 2011 Iowa Code Supplement section 15.105.

“*Board*” means the members of the economic development authority appointed by the governor and in whom the powers of the authority are vested pursuant to 2011 Iowa Code Supplement section 15.105.

“*Committee*” means the technology commercialization committee established by the board pursuant to 261—Chapter 1.

“*Corporation*” means the Iowa innovation corporation created pursuant to 2011 Iowa Code Supplement section 15.107.

“*Financial assistance*” means assistance provided only from the funds, rights, and assets legally available to the authority and includes but is not limited to assistance in the form of grants, loans, forgivable loans, and royalty agreements.

“*Innovative business*” means the same as defined in 2011 Iowa Code Supplement section 15E.52 as amended by 2012 Iowa Acts, House File 2473, section 33.

“*Program*” means the small business innovation research and technology transfer outreach program established pursuant to 2011 Iowa Code Supplement section 15.411 as amended by 2012 Iowa Acts, House File 2473, section 31.

“*SBIR/STTR*” means the federal Small Business Innovation Research and Small Business Technology Transfer Programs.

261—106.4(15) Program description, application procedures, and delegation of functions.

106.4(1) General description. The program provides technical assistance and financial assistance to businesses seeking SBIR/STTR funding. All awards of financial assistance must ultimately be approved by the board, after a recommendation by the committee, and a contract must be entered into with the authority before moneys will be disbursed.

106.4(2) Program components and activities. The program has two primary components, a technical assistance component and a financial assistance component, both of which are intended to win more phase I and phase II SBIR/STTR awards and fast track grants for Iowa businesses. The corporation shall be the primary provider of technical assistance to businesses and shall also work with the authority to provide financial assistance.

a. In providing technical assistance, the corporation shall develop a pre-proposal submission component that facilitates expert peer reviews from commercial reviewers with in-depth market knowledge. The resulting reviews should provide the business with a set of recommendations and tips for troubleshooting SBIR/STTR proposals. The corporation shall ensure that such businesses develop and implement recommendations for their proposals based on industry best practices.

b. The corporation shall also develop a service component that includes an online platform to provide information to regional SBIR/STTR applicants, researchers, and entrepreneurs. In connection with this platform, the corporation shall identify, promote, and assist all highly qualified commercially relevant companies that are discovered through the platform and shall connect them to other investment programs and investors in the region.

c. In providing the technical assistance described in this subrule, the corporation shall work in conjunction with the program administrator of the office of intellectual property and technology transfer at Iowa State University. The following services shall be provided as a result of this collaboration:

(1) Detailed outlines and other tools to make the drafting of a proposal and other accompanying documentation less daunting.

(2) Reviews and critiques of iterative drafts to improve the structure and narrative of both the research and the commercialization plans.

(3) Evaluation of budgets and budget justifications to produce stronger applications and avoid “leaving money on the table.”

(4) Assistance with the electronic registrations and the application submission process.

d. In working with the authority to provide financial assistance, the corporation shall perform the functions delegated pursuant to subrule 106.4(4).

106.4(3) Application and award procedures. Eligible businesses may submit applications to the authority for financial assistance. To be eligible, a business must meet the requirements in rule 261—106.6(15). The applications will receive an initial review to confirm program eligibility before being sent to the committee for a recommendation on funding. The committee will provide its recommendation to the board for a final determination on the provision of financial assistance. The

board may approve, deny, or defer each application for financial assistance under the program. The board will consider applications for financial assistance on a first-come, first-served basis. If the board approves funding for a business, the authority will prepare a required contract specifying the terms and conditions under which the financial assistance is to be provided to the business.

106.4(4) *Delegation of certain administrative functions to the corporation.* The authority will delegate certain administrative functions of the program to the corporation. The functions that will be delegated are:

a. The initial application review process, including an analysis of whether the business meets all requirements of eligibility under the program and a recommendation on the amount of financial assistance to be provided and under what terms and conditions.

b. The tracking and monitoring of the business's SBIR/STTR application progress as well as the eventual outcome. The corporation shall report annually to the authority on the results of the program.

c. The tracking and monitoring of contract terms and conditions for applicants receiving financial assistance under the program.

d. The provision of technical assistance as described in subrule 106.4(2).

106.4(5) *Administrative functions not delegated.* The authority will retain, and not delegate, the performance of the following functions: (1) the final determination as to whether to approve, deny, or defer an award of financial assistance; (2) the disbursement of moneys provided for in an award of financial assistance; (3) the final determination as to whether there is a default in the terms of a contract entered into under the program, including all decisions regarding appropriate remedies for such a default; and (4) any other function not clearly delegated to the corporation pursuant to subrule 106.4(4).

261—106.5(15) Program funding.

106.5(1) *Program funding limitation.* Each year, the authority allocates moneys for purposes of the programs listed in 2011 Iowa Code Supplement section 15.411 as amended by 2012 Iowa Acts, House File 2473, section 31, including this program. The amount allocated each year will depend on the amount appropriated to the authority by the general assembly. The authority may allocate other funds to the program as such funds may from time to time become available.

106.5(2) *Individual applicant limitation.* The authority will not award more than \$25,000 in financial assistance to any applicant. A business shall not receive more than one award of financial assistance under the program.

261—106.6(15) Eligibility requirements. In order to be eligible for financial or technical assistance under the program, an applicant must meet the following requirements:

106.6(1) The business must be an innovative business.

106.6(2) The business must have a reasonable likelihood of receiving SBIR/STTR grant funds, must be likely to stimulate subsequent investment by industry, venture capital, and other sources, and must be likely to commercialize some promising technology.

261—106.7(15) Contract and report information required.

106.7(1) *Contract required.* An applicant awarded financial assistance under the program shall enter into a contract with the authority for the receipt of such funds. The authority will include in the contract all terms and conditions for receipt of the funds, including any terms recommended by the corporation. The tracking and monitoring of the contract terms will be delegated to the corporation. The corporation shall provide regular reports to the authority on the progress of the applicant and on the results of the tracking and monitoring. The authority will make the final determination as to compliance with the terms of the contract and as to whether and when to disburse funds to the applicant.

106.7(2) *Reporting information required.* An applicant may be required to submit all information necessary for the authority to compile a report on the results of the program. The authority will include terms in the required contract effectuating this requirement.

These rules are intended to implement 2012 Iowa Acts, House File 2473.

ITEM 21. Amend rule 261—107.1(82GA,ch122) as follows:

261—107.1(82GA,ch122) Authority—fund termination and transition.

107.1(1) Authority. The authority for ~~establishing~~ adopting rules governing the targeted industries networking fund under this chapter is provided in 2007 Iowa Acts, House File 829, section 7(7).

107.1(2) Fund termination and transition. The targeted industries networking fund in this chapter was established in order to implement 2007 Iowa Acts, House File 829, section 7(7), and 2011 Iowa Code Supplement section 15.412(3)“i.” In 2012 Iowa Acts, House File 2473, section 31, the general assembly rescinded the provisions that provided the statutory basis for the fund. The rules in this chapter that were in effect upon the repeal of the fund shall apply to all awards made and all contracts entered into under the fund on or before June 30, 2012, and shall continue to apply until such time as all such contracts, including all amendments to such contracts, reach the end of their effective contract periods and are closed by the authority. No new awards will be made under the fund, and no new contracts will be entered into on or after July 1, 2012.

ITEM 22. Amend rule 261—107.3(82GA,ch122) as follows:

261—107.3(82GA,ch122) Definitions.

“Authority” means the economic development authority created in 2011 Iowa Code Supplement section 15.105.

“Board” means the Iowa members of the economic development board established in Iowa Code section 15.103 authority appointed by the governor and in whom the powers of the authority are vested pursuant to 2011 Iowa Code Supplement section 15.105.

“Committee” means the technology commercialization committee created by the board pursuant to Iowa Code section 15.116 established by the board pursuant to 261—Chapter 1.

“Deal flow” means the creation and maintenance of a flow of business proposals for evaluation and decisions for financial backing.

~~“Department” means the Iowa department of economic development.~~

“Fund” means the targeted industries networking fund.

“Networking event” means a sponsored event that facilitates linkages between businesses, investors, and academic problem solvers to create new deal flow within the targeted industries.

“Targeted industry” means the industries of advanced manufacturing, biosciences, and information technology.

ITEM 23. Strike “department” wherever it appears in rules **261—107.4(82GA,ch122)** and **261—107.8(82GA,ch122)** and insert “authority” in lieu thereof.

ITEM 24. Amend rule 261—107.6(82GA,ch122) as follows:

261—107.6(82GA,ch122) Application and review process.

107.6(1) An industry group, business or other sponsor of a networking event must submit an application for financial assistance, in the form specified by the ~~department~~ authority, to the ~~Iowa Department of Economic Development, Innovation and Commereialization Division Authority~~, 200 East Grand Avenue, Des Moines, Iowa 50309. Required forms and instructions are available by contacting the authority at this that address or at the department’s from the authority’s Web site at www.iowalifechanging.com www.iowaeconomicdevelopment.com.

107.6(2) To apply for financial assistance from the fund, an industry group, business or other sponsor of a networking event shall submit an application to the ~~department~~ authority, in the form specified by the ~~department~~ authority. The application will be reviewed by ~~department~~ authority staff, the committee and the board. The committee will make a recommendation to the board regarding an application. The board has final decision-making authority on requests for financial assistance from the fund. The board may approve, defer or deny an application.

107.6(3) An application for financial assistance shall include all information required by the ~~department~~ authority including, but not limited to, the following:

- a. No change.
- b. *Event format.* Events must have a planned structure, including an agenda. Formats may include business panels, business executive presentations with question and answer periods, intellectual property showcases and presentations, roundtable discussions, “speed ~~dating~~ networking” sessions, workshops, plant and laboratory tours, or other formats deemed appropriate by the ~~department~~ authority. Strictly social events and member-only events for associations will not qualify for funding.
- c. and d. No change.

ITEM 25. Amend **261—Chapter 107**, implementation sentence, as follows:

These rules are intended to implement 2007 Iowa Acts, chapter 122, and 2012 Iowa Acts, House File 2473.

ITEM 26. Rescind 261—Chapter 108 and adopt the following new chapter in lieu thereof:

CHAPTER 108

ACCELERATION AND DEVELOPMENT OF INNOVATIVE IDEAS AND BUSINESSES

261—108.1(15) Authority. The authority for adopting rules establishing a program to accelerate the development of innovative ideas and businesses by providing assistance for the expansion of the proof of commercial relevance concept, the expansion of applied research, and support for a manufacturing extension partnership program under this chapter is provided in 2012 Iowa Acts, House File 2473, division II.

261—108.2(15) Purpose and description of program components.

108.2(1) The purpose of the program is to accelerate the development of innovative ideas and businesses.

108.2(2) The program has three primary components:

- a. A component for the expansion of the proof of commercial relevance concept.
- b. A component for the expansion of applied research.
- c. A component to provide support for a manufacturing extension partnership program.

261—108.3(15) Definitions. As used in this chapter, unless the context otherwise requires:

“*Applicant*” means an innovative business or other business, a university, a nonprofit organization, or another entity applying to the authority for assistance under the program.

“*Applied research*” means a systematic inquiry into the practical application of science and technology. Applied research includes translational research, participative research, and other related terms that are similar to or share the goals of applied research.

“*Assistance*” means technical and financial assistance available under the program.

“*Authority*” means the economic development authority created in 2011 Iowa Code Supplement section 15.105.

“*Board*” means the members of the economic development authority appointed by the governor and in whom the powers of the authority are vested pursuant to 2011 Iowa Code Supplement section 15.105.

“*Committee*” means the technology commercialization committee established by the board pursuant to 261—Chapter 1.

“*Corporation*” means the Iowa innovation corporation created pursuant to 2011 Iowa Code Supplement section 15.107.

“*Financial assistance*” means assistance provided only from the funds, rights, and assets legally available to the authority and includes but is not limited to assistance in the form of grants, loans, forgivable loans, and royalty agreements.

“*Innovative business*” means the same as defined in 2011 Iowa Code Supplement section 15E.52 as amended by 2012 Iowa Acts, House File 2473, section 33.

“*MEP*” means a manufacturing extension partnership and its associated program component.

“*POCR*” means the proof of commercial relevance concept and its associated program component.

“*Program*” means the components of the program established in this chapter pursuant to 2011 Iowa Code Supplement section 15.411 as amended by 2012 Iowa Acts, House File 2473, section 31.

261—108.4(15) Program description, application procedures, and delegation of functions.

108.4(1) *General description.* The program provides technical assistance and financial assistance for the expansion of POCR, the expansion of applied research, and support for MEP. All awards of financial assistance must ultimately be approved by the board, after submission of a proposal by the applicant and a recommendation on the proposal by the committee. A contract must be entered into with the authority before moneys will be disbursed to an applicant.

108.4(2) *Program component descriptions and activities.* The program has three primary components: a POCR component, an applied research component, and an MEP component. The corporation shall be the entity responsible for ensuring that technical and other applicable assistance is provided to applicants and shall also work with the authority on the provision of financial assistance. In working with the authority to provide financial assistance, the corporation shall perform the functions delegated pursuant to subrule 108.4(4).

a. The POCR component makes financial assistance available to applicants who undertake projects that commercialize new technologies. The authority, in conjunction with the corporation, will award financial assistance to not more than six applicants each year under the component. The financial assistance will be awarded to innovative businesses that are pursuing the validation of the marketability of a technology. Applicants may submit applications to the authority for assistance under this component. Such applications should describe in detail what technologies the applicant is researching, how the applicant is pursuing commercialization of those technologies, and how the financial assistance will be used to bring the new technologies to market in Iowa.

b. The applied research component makes financial assistance available to innovative businesses in order to allow them to better connect university research to their needs and to accelerate the transfer of new technologies to the marketplace. The authority, in conjunction with the corporation, may award financial assistance to university researchers who are attempting to bring their research more in line with market and industrial needs by forming partnerships with innovative businesses. Financial assistance under this component may take the form of grant funds. If grant funds are awarded, the applicant shall be required to match the amount of grant funds with other moneys at a ratio of one to one. Applicants may submit applications to the authority for assistance under this component. Such applications should describe in detail what activities the applicant will engage in to accelerate the validation of technology for the marketplace.

c. The MEP component makes financial assistance available to service providers that form partnerships with innovative businesses to conduct workshops for the purpose of providing assistance in determining and prioritizing applied research needs based on gaps in productivity or product needs and that offer to broker connections between innovative businesses and the researchers who can perform the necessary applied research. Financial assistance is also available to innovative businesses under this component for product development, design verification, custom equipment development, manufacturing process development, and technology development and commercialization. The authority, in conjunction with the corporation, will award financial assistance to eligible innovative businesses. Applicants may submit applications to the authority for assistance under this component. Such applications should describe in detail the nature of the partnerships being formed, what activities the partnership will undertake, and how such activities will further the goals of this component. Applicants must submit applications for assistance under this component and must describe in detail how the proposed services will expand the applicant’s market penetration, create a new product with market relevance, or enhance an existing product by further innovation.

108.4(3) *Application and award procedures.* Applicants to the program may submit applications to the authority for financial assistance. To be eligible, an applicant must meet the requirements of one of the components described in subrule 108.4(2). The applications will receive an initial review to confirm program eligibility before being sent to the committee for a recommendation on funding. The committee will provide its recommendation to the board for a final determination on the provision of financial

assistance. The board may approve, deny, or defer each application for financial assistance under the program. The board will consider applications for financial assistance on a first-come, first-served basis. If the board approves funding for a business, the authority will prepare a required contract specifying the terms and conditions under which the financial assistance is to be provided to the business.

108.4(4) *Delegation of certain administrative functions to the corporation.* The authority will delegate certain administrative functions of the program to the corporation. The functions that will be delegated are:

a. The initial application review process, including an analysis of the application and a determination as to whether the applicant meets all requirements of eligibility under the program and a recommendation on the amount of financial assistance to be provided and under what terms and conditions.

b. The tracking and monitoring of the applicant's progress as well as the eventual outcomes achieved as a result of an award. The corporation shall report annually to the authority on the results of the program.

c. The tracking and monitoring of contract terms and conditions for applicants receiving financial assistance under the program.

d. The provision of technical assistance as described in subrule 108.4(2).

108.4(5) *Administrative functions not delegated.* The authority will retain, and not delegate, the performance of the following functions: (1) the final determination as to whether to approve, deny, or defer an award of financial assistance; (2) the disbursement of moneys provided for in an award of financial assistance; (3) the final determination as to whether there is a default in the terms of a contract entered into under the program, including all decisions regarding appropriate remedies for such a default; and (4) any other function not clearly delegated to the corporation pursuant to subrule 108.4(4).

261—108.5(15) Program funding.

108.5(1) *Program funding limitation.* Each year, the authority allocates moneys for purposes of the programs listed in 2011 Iowa Code Supplement section 15.411 as amended by 2012 Iowa Acts, House File 2473, section 31, including this program. The amount allocated each year will depend on the amount appropriated to the authority by the general assembly. The authority may allocate other funds to the program as such funds may from time to time become available.

108.5(2) *Individual applicant limitation.* The authority reserves the right to determine how much financial assistance any one applicant will receive. A contract is required of each successful applicant, and such contract will provide for the amount and terms and conditions of the award.

261—108.6(15) Contract and report information required.

108.6(1) *Contract required.* An applicant awarded financial assistance under the program shall enter into a contract with the authority for the receipt of such funds. The authority will include in the contract all terms and conditions for receipt of the funds, including any terms recommended by the corporation. The tracking and monitoring of the contract terms will be delegated to the corporation. The corporation shall provide regular reports to the authority on the progress of the applicant and on the results of the tracking and monitoring. The authority will make the final determination as to compliance with the terms of the contract and as to whether and when to disburse funds to the applicant.

108.6(2) *Reporting information required.* An applicant may be required to submit all information necessary for the authority to compile a report on the results of the program. The authority will include terms in the required contract effectuating this requirement.

These rules are intended to implement 2012 Iowa Acts, House File 2473.

ITEM 27. Amend rule 261—109.1(82GA,ch122) as follows:

261—109.1(82GA,ch122) Authority—fund termination and transition.

109.1(1) *Authority.* The authority for ~~establishing~~ adopting rules governing the targeted industries career awareness fund under this chapter is provided in 2007 Iowa Acts, House File 829, section 7(9).

109.1(2) Fund termination and transition. The targeted industries career awareness fund in this chapter was established pursuant to 2011 Iowa Code Supplement section 15.412(3)“b.” In 2012 Iowa Acts, House File 2473, section 31, the general assembly rescinded the provisions that provided the statutory basis for the fund. The rules in this chapter that were in effect upon the repeal of the fund shall apply to all awards made and all contracts entered into under the program on or before June 30, 2012, and shall continue to apply until such time as all such contracts, including all amendments to such contracts, reach the end of their effective contract periods and are closed by the authority. No new awards will be made under the fund, and no new contracts will be entered into on or after July 1, 2012.

ITEM 28. Amend rule 261—109.3(82GA,ch122) as follows:

261—109.3(82GA,ch122) Definitions.

“*Authority*” means the economic development authority created in 2011 Iowa Code Supplement section 15.105.

“*Board*” means the Iowa members of the economic development board established in Iowa Code section 15.103 authority appointed by the governor and in whom the powers of the authority are vested pursuant to 2011 Iowa Code Supplement section 15.105.

“*Career awareness campaign*” means a statewide educational and public awareness campaign to inform students, parents and educators about career opportunities within the targeted industries.

“*Committee*” means the technology commercialization committee created by the board pursuant to Iowa Code section 15.116 established by the board pursuant to 261—Chapter 1.

“*Department*” means the Iowa department of economic development.

“*Fund*” means the targeted industries career awareness fund.

“*Targeted industry*” means the industries of advanced manufacturing, biosciences, and information technology.

ITEM 29. Strike “department” wherever it appears in rules 261—109.4(82GA,ch122), 261—109.5(82GA,ch122), 261—109.8(82GA,ch122) and 261—109.9(82GA,ch122) and insert “authority” in lieu thereof.

ITEM 30. Amend rule 261—109.7(82GA,ch122) as follows:

261—109.7(82GA,ch122) Application and review process.

109.7(1) For career awareness campaigns beginning on or after September 1, 2007, an industry association group must submit an application for financial assistance, in the form specified by the department authority, to the Iowa Department of Economic Development, Innovation and Commercialization Division Authority, 200 East Grand Avenue, Des Moines, Iowa 50309. Required forms and instructions are available by contacting the authority at this that address or at the department’s from the authority’s Web site at www.iowalifechanging.com www.iowaeconomicdevelopment.com.

109.7(2) To apply for financial assistance from the fund, an industry association group shall submit an application to the department authority, in the form specified by the department authority. The application will be reviewed by department authority staff, the committee and the board. The committee will make a recommendation to the board regarding an application. The board has final decision-making authority on requests for financial assistance from the fund. The board may approve, defer or deny an application.

109.7(3) An application for financial assistance shall include all information required by the department authority including, but not limited to, the following:

a. to f. No change.

ITEM 31. Amend rule 261—111.1(15,83GA,SF142) as follows:

261—111.1(15,83GA,SF142) Authority—program termination and transition.

111.1(1) Authority. The authority for establishing adopting rules governing the supply chain development program is 2011 Iowa Code section 15.411(10).

111.1(2) Program termination and transition. The supply chain development program in this chapter was established in order to implement 2007 Iowa Acts, House File 829, section 7(7), and 2011 Iowa Code Supplement section 15.412(3) “g.” In 2012 Iowa Acts, House File 2473, section 31, the general assembly rescinded the provisions that provided the statutory basis for the program. The rules in this chapter that were in effect upon the repeal of the program shall apply to all awards made and all contracts entered into under the program on or before June 30, 2012, and shall continue to apply until such time as all such contracts, including all amendments to such contracts, reach the end of their effective contract periods and are closed by the authority. No new awards will be made under the program, and no new contracts will be entered into on or after July 1, 2012.

ITEM 32. Amend rule 261—111.2(15,83GA,SF142) as follows:

261—111.2(15,83GA,SF142) Purpose. The purpose of this program is for the Iowa department of economic development authority to collaborate with the department of workforce development to create a supplier capacity and product database. Targeted industries will be provided technical assistance for supply chain development through improved linkages to Iowa suppliers, the targeted industries’ production capabilities and capacities, and technology commercialization services.

ITEM 33. Amend rule 261—111.3(15,83GA,SF142) as follows:

261—111.3(15,83GA,SF142) Definitions.

“*Authority*” means the economic development authority created in 2011 Iowa Code Supplement section 15.105.

“*Board*” means the Iowa members of the economic development board established in Iowa Code section 15.103 authority appointed by the governor and in whom the powers of the authority are vested pursuant to 2011 Iowa Code Supplement section 15.105.

“*Committee*” means the technology commercialization committee authorized by Iowa Code section 15.116 established by the board pursuant to 261—Chapter 1.

“*Department*” means the Iowa department of economic development.

“*Performance improvement programs*” means process management philosophies, best practices, and appropriate tools from methodologies in use in manufacturing total quality and value systems that support supply chain development and provide a competitive advantage.

“*Supply chain*” means a network of facilities that procure raw materials, transform them into intermediate goods and then final products, and deliver the products to customers through a distribution system.

“*Supply chain development*” means strategic and operational activities implemented by manufacturers to effectively and efficiently meet the requirements of their existing customers and to identify possible new customers.

“*Targeted industry*” means the industries of advanced manufacturing, biosciences, and information technology.

ITEM 34. Amend rule 261—111.5(15,83GA,SF142) as follows:

261—111.5(15,83GA,SF142) Matching funds requirement. In order to receive financial assistance, an applicant must demonstrate the ability to secure one dollar of nonstate moneys for every one dollar received from the department authority. This requirement does not apply to collaborative projects between the Iowa department of economic development authority and the department of workforce development.

ITEM 35. Amend rule 261—111.6(15,83GA,SF142) as follows:

261—111.6(15,83GA,SF142) Eligible applicants.

111.6(1) and 111.6(2) No change.

111.6(3) The ~~department~~ authority will establish discrete projects and collaborative projects with the department of workforce development, which do not require application, for supplier capacity and product database initiatives.

ITEM 36. Amend rule 261—111.8(15,83GA,SF142) as follows:

261—111.8(15,83GA,SF142) Application process.

111.8(1) An organization, institution of higher learning, individual or business must submit an application to the ~~Iowa Department of Economic Development Authority~~, 200 East Grand Avenue, Des Moines, Iowa 50309, in a form provided by the ~~department~~ authority. Required forms and instructions are available by contacting the authority at this that address or may be printed from the ~~department's~~ Internet site authority's Web site at ~~www.iowalifechanging.com~~ www.iowaeconomicdevelopment.com.

111.8(2) No change.

111.8(3) An application for technical assistance under the program shall include any information required by the ~~department~~ authority including, but not limited to, all of the following:

a. to f. No change.

ITEM 37. Strike “department” wherever it appears in rules **261—111.10(15,83GA,SF142)** and **261—111.11(15,83GA,SF142)** and insert “authority” in lieu thereof.

ITEM 38. Amend **261—Chapter 111**, implementation sentence, as follows:

These rules are intended to implement 2011 Iowa Code section Supplement sections 15.411 and 15.412 as amended by 2009 Iowa Acts, Senate File 142, section 1 2012 Iowa Acts, House File 2473, sections 31 and 32.

ITEM 39. Rescind and reserve **261—Chapter 112**.

ITEM 40. Amend rule 261—114.1(83GA,HF2076) as follows:

261—114.1(83GA,HF2076 15) Authority. The authority for establishing rules governing the Iowa innovation council under this chapter is provided in 2010 Iowa Acts, House File 2076, section 4 2011 Iowa Code Supplement section 15.117A as amended by 2012 Iowa Acts, Senate File 2212 and House File 2473.

ITEM 41. Strike “department” and “(83GA,HF2076)” wherever they appear in rules **261—114.2(83GA,HF2076)**, **261—114.4(83GA,HF2076)**, **261—114.6(83GA,HF2076)**, **261—114.7(83GA,HF2076)** and **261—114.10(83GA,HF2076)** and insert “authority” and “(15),” respectively, in lieu thereof.

ITEM 42. Amend rule 261—114.3(83GA,HF2076) as follows:

261—114.3(83GA,HF2076 15) Definitions.

“Authority” means the economic development authority created in 2011 Iowa Code Supplement section 15.105.

“Board” means the Iowa members of the economic development board established in Iowa Code section 15.103 authority appointed by the governor and in whom the powers of the authority are vested pursuant to 2011 Iowa Code Supplement section 15.105.

“Chief technology officer” means the person appointed pursuant to Iowa Code section 15.117 as amended by 2010 Iowa Acts, House File 2076. The chief technology officer serves as chairperson of the council pursuant to 2010 Iowa Acts, House File 2076, section 4 2011 Iowa Code Supplement section 15.117A as amended by 2012 Iowa Acts, Senate File 2212 and House File 2473.

“Committee” means the technology commercialization committee created by the board pursuant to Iowa Code section 15.116 established by the board pursuant to 261—Chapter 1.

“Council” means the Iowa innovation council established by 2010 Iowa Acts, House File 2076, section 4 2011 Iowa Code Supplement section 15.117A as amended by 2012 Iowa Acts, Senate File 2212 and House File 2473.

“Department” means the Iowa department of economic development.

“*Director*” means the director of the department authority or the director’s designee.

“*Targeted industry*” means the industries of advanced manufacturing, bioscience, and information technology. Alternative and renewable energy is considered a sector within the advanced manufacturing and bioscience industries.

“*Vice chairperson*” means the voting member elected to serve as the council vice chairperson for a one-year term.

ITEM 43. Amend rule 261—114.5(83GA, HF2076) as follows:

261—114.5(83GA, HF2076 15) Council membership.

114.5(1) The council shall consist of the following members:

a. No change.

b. Nine voting members as set forth below:

(1) No change.

(2) The director of the department authority, or the director’s designee.

(3) The chief technology officer appointed pursuant to Iowa Code section 15.117 ~~as amended by 2010 Iowa Acts, House File 2076~~, who shall serve as chairperson of the council.

(4) ~~The person designated as the chief information officer pursuant to Iowa Code section 8A.104, subsection 12, or, if no person has been so designated, the director of the department of administrative services workforce development~~, or the director’s designee.

(5) to (8) No change.

c. No change.

114.5(2) No change.

114.5(3) A vacancy on the council shall be filled in the same manner as the original selection and shall be for the remainder of the term.

ITEM 44. Strike “(83GA, HF2076)” wherever it appears in rules **261—114.8(83GA, HF2076)**, **261—114.9(83GA, HF2076)**, **261—114.11(83GA, HF2076)** and **261—114.12(83GA, HF2076)** and insert “(15)” in lieu thereof.

ITEM 45. Amend rule 261—114.13(83GA, HF2076) as follows:

261—114.13(83GA, HF2076 15) Reporting. The executive committee shall review, comment on, and formally submit any and all reports on behalf of the council. The chief technology officer is designated by the board as the signing officer for certain documents. The chief technology officer is authorized to sign correspondence, applications, reports, or other nonfinancial documents produced by the council. The chief technology officer shall serve as a key spokesperson for the council and be responsible for coordinating the communication of information requested by the department authority in sufficient detail to permit the department authority to prepare ~~the report required pursuant to 2010 Iowa Acts, House File 2076, section 2, and any other reports deemed necessary by the department~~, any reports that may be required by the authority, the board, the general assembly or the governor’s office.

ITEM 46. Amend **261—Chapter 114**, implementation sentence, as follows:

These rules are intended to implement ~~2010 Iowa Acts, House File 2076~~ 2011 Iowa Code Supplement section 15.117A as amended by 2012 Iowa Acts, Senate File 2212 and House File 2473.