

ECONOMIC DEVELOPMENT AUTHORITY[261]

Adopted and Filed

Rule making related to entrepreneur investment awards program

The Economic Development Authority hereby amends Chapter 102, “Entrepreneur Investment Awards Program,” Iowa Administrative Code.

Legal Authority for Rule Making

This rule making is adopted under the authority provided in Iowa Code section 15.106A.

State or Federal Law Implemented

This rule making implements, in whole or in part, Iowa Code section 15E.362.

Purpose and Summary

The Entrepreneur Investment Awards Program assists service providers that provide technical and financial assistance to entrepreneurs and startup companies seeking to create, locate, or expand a business in the state. Under the current rules for the program, applications are reviewed by the Iowa Innovation Corporation, which had been established pursuant to Iowa Code section 15.107. In 2019, the Legislature amended Iowa Code section 15.107, updating the mission of the corporation, which is now a bioscience development corporation. These amendments streamline the application process by eliminating review by the Iowa Innovation Corporation and initial approval by the Technology and Commercialization Committee of the Iowa Economic Development Authority Board. Instead, a committee of reviewers appointed by the Director will review applications and make funding recommendations to the Board. The changes also provide the Authority more flexibility to announce an application filing window as funding is made available and provide for monitoring by the Authority, rather than by the Iowa Innovation Corporation.

Public Comment and Changes to Rule Making

Notice of Intended Action for this rule making was published in the Iowa Administrative Bulletin on January 13, 2021, as **ARC 5386C**. No public comments were received. No changes from the Notice have been made.

Adoption of Rule Making

This rule making was adopted by the Authority on February 19, 2021.

Fiscal Impact

This rule making has no fiscal impact to the State of Iowa.

Jobs Impact

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

Waivers

Any person who believes that the application of the discretionary provisions of this rule making 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 rule making by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rule making 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 rule making will become effective on April 14, 2021.

The following rule-making actions are adopted:

ITEM 1. Amend rule 261—102.3(15E) as follows:

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

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

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

“*Business development services*” includes but is not limited to corporate development services, business model development services, business planning services, marketing services, financial strategies and management services, mentoring and management coaching, and networking services.

“*Committee*” means ~~the technology commercialization committee established by the board pursuant to 261—Chapter 1~~ a committee of application reviewers appointed by the director.

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

“*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 financial assistance 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.

“*Director*” means the director of the authority.

“*Eligible entrepreneurial assistance provider*” or “*service provider*” means a person meeting the requirements of rule 261—102.6(15E).

“*Financial assistance*” means the same as defined in Iowa Code section 15.327.

“*Fund*” means the entrepreneur investment awards program fund created pursuant to Iowa Code section 15E.363.

“*Iowa-based business*” means a service provider whose principal place of operations is in Iowa and that is actively providing business development services 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 Iowa Code section 15E.362.

ITEM 2. Amend subrule 102.4(2) as follows:

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 financial assistance under the program. The board will consider applications

for financial assistance during the annual filing window described in subrule ~~102.4(5)~~ 102.4(4). The amount of financial assistance awarded to a service provider is within the discretion of the authority as determined by the board. If the board approves an award of financial assistance for a service provider, the authority will prepare a required contract specifying the terms and conditions under which financial assistance is provided to the service provider.

ITEM 3. Amend subrule 102.4(3) as follows:

102.4(3) ~~*Delegation of certain administrative functions to the corporation*~~ *Review procedure*. 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~~ The committee 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~~ The committee 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 entrepreneurs. The evaluation shall be provided by the corporation in furtherance of the program review and report required of the authority pursuant to Iowa Code section 15E.362.~~

ITEM 4. Rescind subrule **102.4(4)**.

ITEM 5. Renumber subrules **102.4(5)** and **102.4(6)** as **102.4(4)** and **102.4(5)**.

ITEM 6. Amend renumbered subrule 102.4(4) as follows:

102.4(4) *Annual filing window*. In order to facilitate the competitive application and scoring process described in rule 261—102.6(15E), ~~the authority and the corporation will accept applications for financial assistance only during the annual filing window. This filing window shall be from May 15 to June 1 of each calendar year. During the month of June, the authority and the corporation will process the applications and prepare them for consideration by the committee and the board at the first monthly meeting of the committee and the board following June 30 of each year. The authority may adjust~~ the annual applications will be accepted only during the established application period, or periods, as identified by the authority on its website during each fiscal year in which funding is available. The authority may adjust the filing window dates under extenuating circumstances and will notify affected parties of such circumstances.

ITEM 7. Amend subrule 102.7(1) as follows:

102.7(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 certain deliverables in the contract as recommended by the corporation ~~and will delegate to the corporation the tracking and monitoring of~~ committee. The authority will track and monitor all contract provisions 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 entrepreneurs. 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.

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EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 3/10/21.