ARC 5792C

ECONOMIC DEVELOPMENT AUTHORITY[261]

Notice of Intended Action

Proposing rule making related to the manufacturing 4.0 technology investment program and providing an opportunity for public comment

The Economic Development Authority (IEDA) hereby proposes to adopt a new Chapter 119, "Manufacturing 4.0 Technology Investment Program," Iowa Administrative Code.

Legal Authority for Rule Making

This rule making is proposed under the authority provided in Iowa Code section 15.106A and section 15.371 as enacted by 2021 Iowa Acts, Senate File 619.

State or Federal Law Implemented

This rule making implements, in whole or in part, Iowa Code section 15.371 as enacted by 2021 Iowa Acts, Senate File 619.

Purpose and Summary

Pursuant to 2021 Iowa Acts, Senate File 619, the IEDA proposes to establish and administer a Manufacturing 4.0 Technology Investment Program. The purpose of the program is to assist with projects intended to lead to the adoption of, and integration of, smart technologies into existing manufacturing operations located in the state.

Eligible applicants are Iowa manufacturers that derive at least 51 percent of their revenue from the sale of manufactured goods, that have been operational for at least three years, and that have between 3 and 75 employees across all locations. The maximum amount of assistance that may be awarded to an eligible manufacturer is $75,000. Applications for the program will be scored on a competitive basis by IEDA staff and/or a technical review panel. The IEDA Board will approve, defer, or deny applications after reviewing staff and/or review panel recommendations. The program and proposed rules were developed with feedback from the advanced manufacturing workgroup of the Iowa Innovation Council and the Center for Industrial Research and Service (CIRAS) at Iowa State University.

Fiscal Impact

This rule making has no fiscal impact to the State of Iowa. The IEDA is currently evaluating potential sources of state and federal funds for the program.

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 IEDA for a waiver of the discretionary provisions, if any, pursuant to 261—Chapter 199.

Public Comment

Any interested person may submit written or oral comments concerning this proposed rule making. Written or oral comments in response to this rule making must be received by the IEDA no later than 4:30 p.m. on August 17, 2021. Comments should be directed to:

Lisa Connell
Iowa Economic Development Authority
1963 Bell Avenue, Suite 200
Des Moines, Iowa 50315
Phone: 515.348.6163
Email: lisa.connell@iowaeda.com

Public Hearing

No public hearing is scheduled at this time. As provided in Iowa Code section 17A.4(1)"b," an oral presentation regarding this rule making may be demanded by 25 interested persons, a governmental subdivision, the Administrative Rules Review Committee, an agency, or an association having 25 or more members.

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).

The following rule-making action is proposed:

Adopt the following **new** 261—Chapter 119:

CHAPTER 119
MANUFACTURING 4.0 TECHNOLOGY INVESTMENT PROGRAM

261—119.1(15) Authority. The authority for adopting rules establishing the manufacturing 4.0 technology investment program is provided in Iowa Code section 15.371 as enacted by 2021 Iowa Acts, Senate File 619.

261—119.2(15) Purpose. The purpose of the manufacturing 4.0 technology investment program is to provide financial assistance to projects intended to lead to the adoption of, and integration of, smart technologies into existing manufacturing operations located in the state.

261—119.3(15) Definitions.

"Applicant" means a business applying for assistance under the program.

"Authority" means the economic development authority created in Iowa Code section 15.105.

"Authority's website" means the information and related content found at www.iowaeda.com and may include integrated content at affiliate sites.

"Board" means the members of the economic development authority board appointed by the governor and in whom the powers of the authority are vested pursuant to Iowa Code section 15.105.

"Eligible business" means a business meeting the requirements of rule 261—119.4(15).

"Employee" means an individual filling a full-time equivalent job that is part of the payroll of the business receiving financial assistance under this program. "Employee" does not include a business's part-time, leased, or contract employees.

"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 payments.

"Full-time equivalent job" or *"full-time"* means the employment of one person:

1. For 8 hours per day for a five-day, 40-hour workweek for 52 weeks per year, including paid holidays, vacations and other paid leave; or

2. The number of hours or days per week, including paid holidays, vacations and other paid leave, currently established by schedule, custom, or otherwise, as constituting a week of full-time work for the kind of service an individual performs for an employing unit, provided that the number of hours per week is at least 32 hours per week for 52 weeks per year including paid holidays, vacations, and other paid leave.

For purposes of this definition, "employment of one person" means the employment of one natural person and does not include "job sharing" or any other means of aggregation or combination of hours worked by more than one natural person.

"Manufacturing 4.0 technology investments" or *"investments"* means projects that are intended to lead to the adoption of, and integration of, smart technologies into existing manufacturing operations located in the state by mitigating the risk to the manufacturer of significant technology investments. Projects may include investments in specialized hardware, software, or other equipment intended to assist a manufacturer in increasing the manufacturer's productivity, efficiency, and competitiveness.

"Program" means the manufacturing 4.0 technology investment program established in this chapter.

261—119.4(15) Program eligibility. To be eligible for financial assistance under the program, an applicant shall meet all of the following requirements:

119.4(1) The applicant must propose a manufacturing 4.0 technology investment that has not been made prior to the date of application.

119.4(2) The applicant must manufacture goods at a facility located in Iowa.

119.4(3) The applicant must have a North American industry classification system code within the manufacturing sector range 31-33.

119.4(4) The applicant must have been an established business for a minimum of three years prior to the date of application to the program. The authority will presume a business was established as of the date of incorporation or organization of the applicant entity unless an applicant demonstrates to the authority's satisfaction that the business was established earlier.

119.4(5) The applicant must derive a minimum of 51 percent of the applicant's overall revenue from the sale of manufactured goods.

119.4(6) The applicant must employ a minimum of 3 employees and no more than 75 employees across all of the applicant's locations.

119.4(7) The applicant must have an assessment of the applicant's proposed manufacturing 4.0 technology investment completed by the center for industrial research and service at Iowa state university of science and technology prior to submission of an application.

119.4(8) The applicant shall demonstrate the ability to provide matching financial support for the applicant's manufacturing 4.0 technology investment on a one-to-one basis in the form of cash. The matching financial support must be obtained from private sources.

261—119.5(15) Application submittal and review process.

119.5(1) The authority will develop a standardized application process and make information on applying available on the authority's website. To apply for assistance under the program, an applicant shall submit an application to the authority in the manner prescribed by the authority. The authority will identify specific types of investments for which it intends to provide financial assistance on the application form or forms.

119.5(2) Applications will be accepted and processed by authority staff on a continuing basis, or the authority may establish application periods as announced on the authority's website. The authority may engage an outside technical review panel to complete technical reviews of applications. Applications will be reviewed in the order received by the authority.

119.5(3) The authority may refuse to accept incomplete applications or may refuse to accept applications because of insufficient funds.

119.5(4) The board, after considering the recommendations made by authority staff or a technical review panel, will determine the financial assistance award if the board determines that financial assistance should be awarded. The board has final decision-making authority on requests for financial

assistance for the program. The board will take final action on all applications for financial assistance, except those rejected pursuant to subrule 119.5(3). The board may approve an award, decline to award, or refer an application back to staff or a technical review panel for further review and recommendation. The board will consider applications on a continuing basis.

119.5(5) An applicant may submit multiple applications. The maximum amount of financial assistance awarded to any eligible business under the program for all its applications shall not exceed $75,000.

119.5(6) Applicants will be notified in writing of an award of financial assistance, including any conditions and terms of the award, or of a denial of an award of financial assistance.

261—119.6(15) Application scoring criteria.

119.6(1) When applications for financial assistance under the program are reviewed by authority staff or a technical review panel, the criteria below will be considered and the application scored as described. There is no minimum score required for funding under the program. However, a lower score indicates that the authority views the application less favorably than an application with a higher score.

119.6(2) The criteria under which each application will be scored are:

a. The percentage of the applicant business's revenue derived from the sale of manufactured goods: 20 points. Applicants who derive a higher percentage of revenue from the sale of manufactured goods will receive higher scores in this category.

b. The extent to which the manufacturer's proposed manufacturing 4.0 technology investment is consistent with the opportunities identified in the assessment completed by the center for industrial research and service at Iowa state university of science and technology pursuant to subrule 119.4(7): 20 points.

c. The extent to which the investment integrates smart technologies into existing manufacturing operations: 15 points.

d. The sufficiency of the proposed investment's financing structure, the feasibility of the sources of funds, and the appropriateness of the proposed uses of the funds: 15 points.

e. The extent to which the investment will enhance an applicant's workforce: 10 points.

f. The extent to which the applicant has planned for long-term use of the manufacturing 4.0 technology investment and an overall transition to smart technologies: 10 points.

g. The extent to which the investment corresponds to the specific type of investment identified by the authority on the application form or forms: 10 points.

261—119.7(15) Contract administration.

119.7(1) The authority will prepare a contract for each award approved by the board. The contract will reflect the terms of the award and may include other terms and conditions reasonably necessary for implementation of the program pursuant to this chapter.

119.7(2) Any substantive change to a proposed investment shall require an amendment to the contract. Amendments shall be requested in writing. No amendment shall be valid until approved by the board. The authority may execute nonsubstantive or corrective changes to the contract without board approval.

261—119.8(15) Disbursement of funds. The authority will disburse funds for an investment only after a complete application has been received, an award has been approved by the board, a contract has been executed between the applicant and the authority, and all applicable conditions for disbursement have been met, including the submission of documentation pertaining to the eligible expenditures. Disbursement of funds under the contract will be on a reimbursement basis for expenses incurred by the applicant after the date of application and as provided under the contract.

261—119.9(15) Reporting. An applicant receiving assistance under the program shall submit any information reasonably requested by the authority in sufficient detail to permit the authority to prepare any reports required by the authority, the board, the general assembly or the governor's office.

These rules are intended to implement Iowa Code section 15.371 as enacted by 2021 Iowa Acts, Senate File 619.