Regulatory Analysis

Notice of Intended Action to be published: 261—Chapter 72
"International Trade Financial Assistance"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 15.106A

State or federal law(s) implemented by the rulemaking: Iowa Code sections 15.108(2) and 15.108(4)

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

June 3, 2025	1963 Bell Avenue
9:15 to 9:30 a.m.	Des Moines, Iowa

Public Comment

Any interested person may submit written comments concerning this Regulatory Analysis, which must be received by the Economic Development Authority no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

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Purpose and Summary

Pursuant to Executive Order 10, the Authority proposes to rescind Chapter 72 and adopt a new chapter in lieu thereof. The current chapter describes the policies and procedures applicable to the export trade assistance program. The program promotes the development of international trade activities and opportunities for exporters in the state of Iowa through encouraging increased participation in international trade shows and trade missions.

The proposed chapter is entitled "International Trade Financial Assistance" and incorporates additional related opportunities for financial assistance regarding international trade. The new chapter clarifies terminology and eligibility for the forms of financial assistance provided pursuant to the chapter. Multiple rules about the application and selection process are combined into one rule in the new chapter. Additionally, a new rule relating to administration of financial assistance combines post-award requirements that are distributed throughout the current chapter.

Analysis of Impact

1. **Persons affected by the proposed rulemaking:**

- **Classes of persons that will bear the costs of the proposed rulemaking:**

Persons interested in applying for or receiving assistance through the international trade financial assistance programs (programs) will bear the costs of the rulemaking.

- **Classes of persons that will benefit from the proposed rulemaking:**

Persons interested in applying for or receiving assistance through the programs will benefit from the rulemaking.

2. **Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:**

- **Quantitative description of impact:**

Entities interested in applying for financial assistance may require staff time to complete an application for financial assistance. Recipients may similarly incur costs to comply with reporting and monitoring requirements of the programs. Some applicants may choose to rely on an external service provider to complete these tasks. The amount of the costs will vary depending on the compensation of staff or service providers involved.

- **Qualitative description of impact:**

The programs promote the development of international trade activities and opportunities for exporters in the state.

3. **Costs to the State:**

- **Implementation and enforcement costs borne by the agency or any other agency:**

Authority staff time is required to review and approve applications, draft and execute contracts, disburse funds, review reports, and communicate with applicants and recipients.

- **Anticipated effect on state revenues:**

The rules have no anticipated impact on state revenues. 2024 Iowa Acts, Senate File 2432, appropriated funds for purposes of export assistance.

4. **Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:**

Only the entities that will potentially benefit from financial assistance bear the costs of the rulemaking. The costs to the State to administer the program are proportional to the activities supported by financial assistance.

5. **Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:**

The Authority has not identified any less costly methods or less intrusive methods for administering the program.

6. **Alternative methods considered by the agency:**

- **Description of any alternative methods that were seriously considered by the agency:**

The Authority did not consider any other methods.

- **Reasons why alternative methods were rejected in favor of the proposed rulemaking:**

The Authority did not consider any other methods.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

The rulemaking impacts only small businesses seeking financial assistance. The application, contracting, and monitoring requirements related to the program are no more than necessary to effect the purposes of the program. The rules do not establish design or operational standards.

Text of Proposed Rulemaking

ITEM 1. Rescind 261—Chapter 72 and adopt the following **new** chapter in lieu thereof:

CHAPTER 72
INTERNATIONAL TRADE FINANCIAL ASSISTANCE

261—72.1(15) Definitions. For purposes of this chapter, unless the context otherwise requires:

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

"Domestic trade assistance" means financial assistance for participation in a trade show in the United States with documented significant international attendance.

"Eligible applicant" means an exporter meeting the requirements of rule 261—72.2(15).

"Exporter" means a business that sells a manufactured project, a value-added product, an agricultural product, or a service outside of the United States.

"Export trade assistance" means financial assistance provided for participation in a trade show or trade mission outside the United States.

"Marketing services" means third-party services, identified as eligible expenses in subrule 72.3(3), that support international trade.

"Market trade assistance" means financial assistance provided for marketing services.

"Program" means domestic trade assistance, export trade assistance, and market trade assistance provided pursuant to this chapter.

"Sales representative" means a contracted representative of an exporter with authority to consummate a sales transaction.

"Trade mission" means a mission event led by the authority or designated representative that includes advanced operational and logistical planning, scheduled individualized appointments with prequalified prospects interested in exporters' products or services, and background information on such prospects.

"Trade show" means an event attended by an employee or sales representative of an exporter for the purposes of exhibiting the exporter's products or services to increase international sales opportunities.

261—72.2(15) Eligible applicants.

72.2(1) Financial assistance in the form of grants is available to exporters that meet all of the following criteria:

a. The exporter employs fewer than 500 individuals, 75 percent or more of whom are employed within the state of Iowa,

b. The exporter is new to exporting, targeting a new international market, or promoting a new product,

c. The exporter does not have a history of noncompliance with agreements with the authority, and

d. The exporter does not have a record of violations of the law that over a period of time tends to show a consistent pattern or that establishes intentional, criminal, or reckless conduct in violation of such laws.

72.2(2) To be eligible for domestic trade assistance or export trade assistance, exporters must meet the following additional criteria:

a. The exporter has at least one full-time employee or sales representative who will participate in a trade show or trade mission, and

b. The exporter provides proof of deposit or an executed payment agreement for a trade show or payment of a trade mission participation fee.

72.2(3) To be eligible for market trade assistance, an exporter must document intent to procure marketing services.

261—72.3(15) Eligible and ineligible expenses. Only eligible expenses identified in this rule will be reimbursed with financial assistance provided through the program.

72.3(1) *Trade shows.* The following trade show expenses are eligible for domestic trade assistance and export trade assistance:

a. Space rental.

b. Booth construction at show site.

c. Booth equipment or furniture rental.

d. Shipping costs associated with shipment of equipment or exhibit materials.

e. Booth utility costs.

f. Interpreter fees during the trade show.

72.3(2) *Trade missions.* The following trade mission expenses are eligible for domestic trade assistance and export trade assistance:

a. Mission participation fee.

b. Shipping costs associated with shipment of equipment or exhibit materials.

c. Interpreter fees, if not included in the participation fee, and as needed during the trade mission.

72.3(3) *Marketing services.* The following expenses are eligible for market trade assistance:

a. Design, translation, and localization of brochures or other product information.

b. Design, translation, and localization of international advertisement for a specific country/region.

c. Required compliance testing of an existing product for entry into an export market.

d. Website design and translation, search engine optimization, and localization for a specific international market or markets.

e. Oversight, maintenance, or monitoring fee for search engine optimization (limited to the funding period during which financial assistance is provided).

f. Development of an e-commerce platform to accept international payments.

g. International attorney fees for distributor contracts.

h. Costs for preparing an export readiness report, conducted by a contractor selected by the authority.

72.3(4) *Ineligible expenses.* The following expenses are not eligible for reimbursement through the program:

a. Travel expenses, including airfare.

b. Printing.

c. Purchased equipment.

d. Memberships or sponsorships.

e. Costs associated with attendance at conferences or virtual events.

f. Tabletop displays.

g. Materials or exhibits that are not intended to increase international sales.

261—72.4(15) Application and approval.

72.4(1) An eligible applicant shall submit an application in the form and content required by the authority. Information on submitting an application is available on the authority's website. For domestic trade assistance and export trade assistance, an eligible applicant must apply prior to trade mission participation or trade show participation. For market trade assistance, an eligible applicant must apply prior to work beginning for marketing services.

72.4(2) Complete applications will be reviewed in the order received by the authority. Eligible applicants will be funded on a first-come, first-served basis to the extent funds are available. The authority may deny applications that exceed available funds or may defer approval of an application until additional funds become available.

72.4(3) The authority will not approve financial assistance for an eligible applicant under the following circumstances:

a. More than three times total in the same fiscal year for domestic trade assistance or export trade assistance.

b. More than once in the same fiscal year for market trade assistance.

c. More than once for the same marketing services.

d. For participation in the same trade show more than two times after January 1, 2023.

261—72.5(15) Administration.

72.5(1) Eligible applicants approved for financial assistance must enter into a contract with the authority prior to participating in a trade show or trade mission or prior to incurring expenses for marketing services.

72.5(2) Payments will be made by the authority on a reimbursement basis. An exporter shall submit documentation acceptable to the authority of paid expenses. A complete report of activities the financial assistance supported shall be submitted before final reimbursement. Reimbursement shall not exceed 75 percent of eligible expenses. Total reimbursement shall not exceed $8,000 per event or marketing services project.

72.5(3) An eligible applicant that receives financial assistance shall submit any information reasonably requested by the authority in sufficient detail to verify compliance with the agreement entered pursuant to subrule 72.5(1) or to permit the authority to prepare any reports required by the authority, the general assembly, or the governor’s office.

These rules are intended to implement Iowa Code section 15.108(2) and 15.108(4).