Regulatory Analysis

Notice of Intended Action to be published: 261—Chapter 106
"Small Business Innovation Research and Technology
Transfer Outreach Program (America's Seed Fund)"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 15.106A and 15.411(5)
State or federal law(s) implemented by the rulemaking: Iowa Code section 15.411(3)

Public Hearing

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

August 12, 2025	1963 Bell Avenue
3:15 to 3:30 p.m.	Des Moines, Iowa

Public Comment

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

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

Purpose and Summary

Pursuant to Executive Order 10, the Authority proposes to rescind Chapter 106 and adopt a new chapter in lieu thereof. The chapter describes the policies and procedures applicable to the Small Business Innovation Research and Technology Transfer Outreach Program, known as America's Seed Fund, established pursuant to Iowa Code section 15.411. The program provides technical and financial assistance for applicants for federal grant and contract awards. The updated chapter will be clearer and more concise throughout and will omit language that repeats statutory language. Current policies for the disbursement of funds will be incorporated in the new chapter.

Analysis of Impact

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

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

Businesses interested in applying for or receiving assistance through the program will bear the costs of this proposed rulemaking.

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

Businesses interested in applying for or receiving assistance through the program will benefit from this proposed 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:**

Businesses interested in applying for technical or financial assistance may require staff time to complete an application. Businesses that receive funds may similarly incur costs to administer an

award, including requests for disbursement. 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.

- **Qualitative description of impact:**

The program supports businesses pursuing funds through the federal Small Business Innovation Research and Technology Transfer Outreach Program, known as America's Seed Fund.

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 program contracts, disburse funds, and communicate with program applicants and recipients. Authority staff also provide technical assistance through the program.

- **Anticipated effect on State revenues:**

These proposed rules have no anticipated impact on State revenues. The Authority is directed to establish the program by Iowa Code section 15.411(3) and provide technical and financial assistance from funds lawfully available to the Authority.

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 technical and financial assistance bear the costs of this proposed rulemaking. The costs to the State to administer the program are proportional to the activities supported by the program.

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?

This proposed rulemaking impacts only small businesses seeking financial assistance. The rules regarding compliance and reporting requirements are no more stringent than necessary to implement

the purposes of the program. The rules do not establish schedules or deadlines. The rules do not establish design or operational standards.

Text of Proposed Rulemaking

ITEM 1. Rescind 261—Chapter 106 and adopt the following **new** chapter in lieu thereof:

CHAPTER 106
SMALL BUSINESS INNOVATION RESEARCH AND TECHNOLOGY
TRANSFER OUTREACH PROGRAM (AMERICA'S SEED FUND)

261—106.1(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 Iowa Code section 15.105.

"Award" means SBIR/STTR grant or contract funds awarded by federal agencies.

"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.

"Committee" means the technology commercialization committee established by the board pursuant to Iowa Code section 15.116.

"Corporation" means the bioscience development corporation established pursuant to Iowa Code section 15.107.

"Eligible applicant" means a business meeting the criteria in rule 261—106.2(15).

"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 Iowa Code section 15E.52(1)*"c."*

"Phase II award" means an award that provides funding to continue research and development funded with a prior award.

"Program" means the small business innovation research and technology transfer outreach program established pursuant to Iowa Code section 15.411 and this chapter.

"SBIR/STTR" means the federal Small Business Innovation Research and Small Business Technology Transfer Programs known as America's seed fund.

261—106.2(15) Eligibility requirements. To be eligible for the program, an applicant must meet the following requirements:

1. Meet the small business requirements defined by the federal Small Business Administration (SBA).
2. Be an innovative business;
3. Have a reasonable likelihood of receiving an award;
4. Be likely to stimulate subsequent investment by industry, venture capital, and other sources; and
5. Be likely to commercialize promising technology.

261—106.3(15) Program benefits, application procedures, and delegation of functions.

106.3(1) *Technical assistance.*

a. Technical assistance provided by the authority under the program may include the following:

(1) Detailed outlines and other tools to facilitate drafting of a proposal and gathering accompanying documentation.

(2) Reviews and critiques of proposal drafts.

(3) Evaluation of budgets and budget justifications.

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

b. To facilitate technical assistance, applicants shall submit pre-proposal documents to the authority that demonstrate a customized strategy for application for an award consistent with the requirements for the relevant rules and regulations of each applicable federal agency.

106.3(2) *Application for financial assistance and award procedures.* Eligible applicants may submit applications to the authority for financial assistance. Authority staff will confirm program eligibility before forwarding an application to the committee for a recommendation on financial assistance. The committee will provide its recommendation to the board. The board may approve, deny, or defer each application for financial assistance. The board will consider applications for financial assistance on a first-come, first-served basis. The board may award up to $75,000 in financial assistance, to be disbursed as indicated in subrule 106.4(3).

106.3(3) *Delegation of certain administrative functions to the corporation.* The authority may delegate certain administrative functions of the program to the corporation.

106.3(4) *Administrative functions not delegated.* The authority will retain, and not delegate, the performance of the following functions:

a. The final determination as to whether to approve, deny, or defer an award of financial assistance;

b. The disbursal of moneys provided for in an award of financial assistance; and

c. The final determination as to whether there is a default in the terms of an agreement entered into under the program, including all decisions regarding appropriate remedies for such a default.

261—106.4(15) Agreement and report information required.

106.4(1) *Agreement required.* An applicant awarded financial assistance under the program shall enter into an agreement with the authority that includes all terms and conditions for receipt of funds. The authority will make the final determination as to compliance with the terms of the agreement and as to whether and when to disburse funds to the applicant.

106.4(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.

106.4(3) *Disbursement.* Up to $50,000 in financial assistance may be disbursed to an eligible applicant upon receipt of an award. Up to $25,000 in financial assistance may be disbursed to an eligible applicant at the time the eligible applicant submits a proposal for a phase II award.

These rules are intended to implement Iowa Code section 15.411.