

ECONOMIC DEVELOPMENT AUTHORITY[261]

Regulatory Analysis

Notice of Intended Action to be published: rule 261—65.3(15)
“Redevelopment Tax Credits Program—Limitations on Qualifying Investment”

Iowa Code section(s) or chapter(s) authorizing rulemaking: chapter 15, subchapter II, part 9
State or federal law(s) implemented by the rulemaking: Iowa Code chapter 15, subchapter II, part 9

Public Hearing

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

November 3, 2026
9:45 to 10 a.m.

1963 Bell Avenue
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 (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

The Authority proposes to amend Chapter 65 to clarify the treatment of federal tax credits in determining the qualifying investment for the purposes of the redevelopment tax credits available pursuant to Iowa Code chapter 15, subchapter II, part 9.

Analysis of Impact

1. **Persons affected by the proposed rulemaking:**
 - **Classes of persons that will bear the costs of the proposed rulemaking:**
The rulemaking does not impose any costs.
 - **Classes of persons that will benefit from the proposed rulemaking:**
Entities applying for or participating in the program 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:**
The rulemaking does not impose any costs.
 - **Qualitative description of impact:**
The program supports the acquisition, remediation, or redevelopment of brownfield and grayfield sites. The proposed amendment to the rule will allow eligible projects that are also utilizing federal tax credits to realize increased tax credit awards through the program.

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, issue tax credit certificates, review reports, and communicate with program applicants and recipients.

- **Anticipated effect on State revenues:**

The rules have no anticipated impact on State revenues. Up to \$15 million total in tax credits may be awarded by the Authority for this program in each fiscal year pursuant to Iowa Code section 15.293A.

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

The rulemaking does not impose any costs. The costs to the State to administer the program are proportional to the activities supported.

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 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 tax credits. The rulemaking does not establish compliance and reporting requirements, schedules, deadlines, or design or operational standards.

Text of Proposed Rulemaking

ITEM 1. Amend rule 261—65.3(15) as follows:

261—65.3(15) Limitations on qualifying investment. For the purposes of identifying qualifying investment for the purposes of the program, the following shall not be included:

1. The portion of the total cost of a project that is financed by federal, state, or local government ~~tax credits~~; grants; or forgivable loans; state or local government tax credits; or other forms of

financial assistance that do not require repayment, excluding the tax incentives provided under the program.

2. and 3. No change.