Regulatory Analysis

Notice of Intended Action to be published: 261—Chapter 42
"Iowa Tourism Grant Program"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 15.106A
State or federal law(s) implemented by the rulemaking: Iowa Code section 15E.321

Public Hearing

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

December 20, 2024	1963 Bell Avenue
1:45 to 2 p.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:

Lisa Connell
Iowa Economic Development Authority
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Des Moines, Iowa 50315
Email: lisa.connell@iowaeda.com

Purpose and Summary

Pursuant to Executive Order 10 (January 10, 2023), the Authority proposes to rescind Chapter 42 and adopt a new chapter in lieu thereof. The chapter describes the policies and procedures applicable to the Iowa tourism grant program. The program supports tourism-related projects. The new chapter will be updated to be clearer and more concise throughout. Additionally, the new chapter will specify that records will be maintained by grantees for three years following grant closeout.

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 program 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 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:**

Entities interested in applying for financial assistance may require staff time to complete an application for certification and financial assistance. Recipients may similarly incur costs to comply with reporting and monitoring requirements of the program. 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 program supports tourism-related projects.

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, review reports, and communicate with program applicants and recipients.

- **Anticipated effect on state revenues:**

The rules have no anticipated impact on state revenues. The program is funded through appropriations to the Authority for tourism marketing.

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 proposed rules do not have a substantial impact on small business. The application, contracting, and monitoring requirements related to the program are no more than necessary to administer the statutory requirements of the program. The rules do not establish design or operational standards.

Text of Proposed Rulemaking

ITEM 1. Rescind 261—Chapter 42 and adopt the following **new** chapter in lieu thereof:

CHAPTER 42
IOWA TOURISM GRANT PROGRAM

261—42.1(15) Definitions. For the purposes of this chapter, unless the context otherwise requires, the following definitions apply:

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

"Collaborative application" means an application in which multiple partners are providing monetary support for the project.

"Head applicant" means the applicant on a collaborative application that is both the recipient of the funds and the administrator of the project.

"Marketing" means planning for or implementing efforts to publicize a community, event or destination using a range of strategies, tools and tactics.

"Meetings and events" means regional or national tourism-related meetings and conventions or local festivals or similar tourism events that positively impact local and state economies.

"Project" means a tourism-related marketing initiative, meeting or event that benefits both state and local economies.

"Tourism" means attracting people from beyond a 50-mile radius or people who spend the night away from home to visit a site or event.

261—42.2(15) Program description.

42.2(1) The authority will accept competitive applications for tourism-related projects in each fiscal year in which funding is available. The authority will award grants to projects based on the criteria described in subrule 42.4(1) and in a manner designed to prioritize those projects that provide the greatest benefit to state and local economies.

42.2(2) The authority will establish a maximum grant award per application and a minimum grant award per application for each fiscal year in which funding is available.

42.2(3) The authority will make awards based on the total amount of funding available each fiscal year. Funds will be awarded for expenditures that are directly related to the implementation of an eligible project.

42.2(4) An applicant may submit one application each fiscal year. If the application submitted by the applicant is a collaborative application, it will be counted as the head applicant's application for the fiscal year.

42.2(5) An applicant that has received an Iowa tourism grant award in the prior fiscal year cannot submit an application for a substantially similar project in the following fiscal year. If an applicant does submit an application for a substantially similar project in the following fiscal year, the application will be deemed ineligible. Whether a project is substantially similar will be determined by the authority.

261—42.3(15) Program eligibility and application requirements.

42.3(1) *Eligibility.* To be eligible under the program, an applicant shall meet all of the following requirements:

a. The applicant must be a tourism-related entity based in the state of Iowa, including a nonprofit or for-profit organization, city, county, or regional government or planning entity.

b. The applicant must demonstrate an amount of local match equal to at least 20 percent of the total project costs to be incurred by the applicant. The local match shall be in the form of cash. Other state sources of funds shall not qualify as local match. The local match must be spent on eligible expenses as described in rule 261—42.6(15).

c. The applicant must submit a completed application, including all of the information described in subrule 42.3(2), by the deadline established by the authority on its website.

42.3(2) *Application requirements.* When submitting an application for grant funds under the program, an applicant shall include all of the following information:

a. The applicant's name, mailing address, email address, telephone number, contact person, and federal employer identification number. If the application is a collaborative application, the head applicant shall identify itself and provide the names of all partner applicants.

b. A detailed description of the project.

c. Written documentation of the project costs, including but not limited to advertising rate sheets, bids, quotes, and invoices.

d. Written documentation establishing the amount and source of the required local cash match.

e. Detailed information sufficient to enable the authority to accurately assess the impact and quality of the project.

261—42.4(15) Application scoring and approval process.

42.4(1) *Scoring process and criteria.* An application meeting the requirements in rule 261—42.3(15) will be reviewed and scored by authority staff. The authority may also engage outside reviewers with relevant expertise. The higher an application's numerical score, the more likely it is to receive funding under the program. The criteria used to score the applications are as follows:

a. Project description: The applicant will explain the project, the timeline for its creation and implementation, and how state funds will support the project. The authority will view favorably information that clearly articulates the project, sets forth a reasonable timeline for the project's creation and implementation, and fully describes how state funds will be used to support the project.

b. Economic impact and ability to promote tourism industry growth: The authority will consider how the project supports the mission of the Iowa tourism office and is part of the applicant's broader marketing strategy to increase the economic impact of tourism locally and in the state of Iowa.

c. Sustainability: The authority will view favorably applications that illustrate the capacity to implement and sustain the project upon completion.

d. Need: The authority will consider the financial need of an applicant.

e. Innovation: The authority will consider the innovative quality of an event or marketing initiative and how the project will expand upon existing marketing tactics or resources.

f. Budget: The authority will view favorably budgets that are well-developed and relevant to the project and that provide documentation of planned project expenses during the grant period.

g. Collaboration: The authority will view favorably applications that either represent a collaboration of multiple entities or show the benefit of the project to multiple entities within the tourism industry, or both.

42.4(2) *Approval process.* The authority will assign scores based on the criteria described in rules 261—42.3(15) and 261—42.4(15) to determine successful applicants. The authority may recommend partial funding of any or all applicants.

261—42.5(15) Contract administration.

42.5(1) *Notice of approval.* The authority will notify successful applicants in writing of an approved request for funding. Such notification may include the terms and conditions under which approval is granted.

42.5(2) *Contract required.* Each successful applicant that accepts the recommended award amount shall enter into a contract with the authority. The contract will describe the project that the applicant will institute as described in the application and will include the terms and conditions under which the grant funds will be disbursed. The contract will also include the terms and conditions under which grant funds must be repaid or penalties incurred in the event the grantee does not fulfill all obligations under the contract.

42.5(3) *Contract amendments.* All requests by a grantee for an amendment to the contract will require the approval of the director of the authority. The director will review each such request and approve or deny it. If a request is approved, the grantee and the director will execute a written

amendment to the contract. Only a written amendment duly executed by both parties to the contract will be valid and binding.

42.5(4) *Reports required.* Each grantee shall submit a written report to the authority within 60 days of the end of the contract period.

42.5(5) *Recordkeeping.* Each grantee shall maintain all records necessary for the verification and validation of the proper use of grant funds under the contract for three years following grant agreement closeout and shall submit such records to the authority upon request.

261—42.6(15) Expenses, records, and reimbursements.

42.6(1) *General.* Each grantee shall at all times incur expenses only as described in this chapter or in a contract executed hereunder. The authority may deny payment of grant funds for any expenditure not directly related to the implementation of a tourism-related marketing initiative, meeting or event.

42.6(2) *Eligible expenses.* Only expenditures directly related to the implementation of a tourism-related marketing initiative, meeting or event and approved by the authority at the time of application are eligible expenses under the program. Examples of eligible expenses include the following:

a. The costs associated with all phases of the execution of marketing tactics and strategies, including planning and design and production of tools such as advertising, print materials, digital tools and exhibits for consumer-focused tradeshows.

b. The costs associated with acquiring a regional or national tourism-related meeting, including but not limited to bid fees, rights fees, sponsorships, payments to vendors, venue rental, and equipment rental.

c. The costs associated with executing a local event or festival, including but not limited to payments to vendors, payments to speakers or entertainers, venue rental, and equipment rental for new events or existing events in Iowa in order to augment the event.

42.6(3) *Ineligible expenses.* Expenses that are not directly related to the implementation of a tourism-related marketing initiative, meeting or event will be deemed ineligible. Ineligible expenses include but are not limited to vertical infrastructure; staff salaries and wages; equipment and software; solicitation efforts; lobbying fees; items that are purchased for resale; prizes given to participants or event/festival attendees; alcoholic beverages; internships; all travel, meal and lodging costs of applicant staff or the applicant's contractor; projects that receive funding from the authority's regional sports authority district program; or marketing programs already subsidized by the authority including but not limited to advertising in the Iowa travel guide or participating in the cooperative partnership program.

42.6(4) *Required records.* A grantee shall submit any records requested by the authority as documentation of the expenditures incurred for implementation of the project. Such records may include invoices, original itemized receipts, check copies, or other proof of payment.

42.6(5) *Repayments of certain funds.* If the authority approves grant funds for the cost of a refundable bid fee and the grantee is unsuccessful in the effort to win the right to hold that event, then the grantee shall return the amount of funds paid for such bid fee to the authority.

42.6(6) *Reallocation of funds.* If, at the time of a grantee's final reporting of expenses, the grantee cannot adequately document eligible expenses or documents an amount that is less than the awarded amount, the authority may reduce the grant amount or require repayment of grant funds received.

These rules are intended to implement Iowa Code section 15.108.