ECONOMIC DEVELOPMENT AUTHORITY[261]

[Created by 1986 Iowa Acts, chapter 1245]
[Prior to 1/14/87, see Iowa Development Commission[520] and Planning and Programming[630]]
[Prior to 9/7/11, see Economic Development, Iowa Department of[261];
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CHAPTER 1
ORGANIZATION

Chapter rescission date pursuant to Iowa Code section 17A.7: 2/25/31

261—1.1(15) Definitions. As used in these rules, unless the context otherwise requires:

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

"Authority's website" means the information and related content found at opportunityiowa.gov and may include integrated content at affiliate sites.

"Board" means the same as defined in Iowa Code section 15.102(4).

"Committee" means a committee established by the board and includes any standing committees established by rule or ad hoc committees established pursuant to Iowa Code section 15.105(12).

"Director" means the same as defined in Iowa Code section 15.102(8).

[**ARC 9995C**, IAB 1/21/26, effective 2/25/26]

261—1.2(15) Economic development authority board.

1.2(1) *Meetings.*

a. The board generally meets monthly at the authority's offices. By notice of the regularly published meeting agendas, the board and its committees may hold regular or special meetings at other locations within the state. Meeting agendas are available on the authority's website.

b. The chairperson may exclude any person disrupting the proceedings.

1.2(2) *Board treasurer.* The accounting director for the authority or the accounting director's designee serves as the treasurer to the board. The treasurer shall attend audit entrance and exit interviews conducted by the auditor of state and shall report the results of such audits to the board.

1.2(3) *Committees.*

a. A due diligence committee is established to assist the board in making awards of incentives and assistance under the authority's programs.

(1) The due diligence committee is an advisory body comprised of voting members of the board who are selected annually by the voting members of the board. The membership and size of the committee and the terms of committee members will be established annually by the board.

(2) The members of the due diligence committee will elect members to serve as chairperson and vice chairperson. The chairperson may appoint members of the due diligence committee to serve on a due diligence subcommittee if necessary. Such a subcommittee is advisory only and may perform such duties as may be assigned by the chairperson and members of the due diligence committee.

(3) The duties of the due diligence committee may include reviewing applications for financial assistance, conducting a thorough review of proposed projects, making recommendations to the board regarding the size and conditions of awards, and any other duty assigned by the board in relation to the programs administered by the authority.

(4) A majority of committee members constitutes a quorum.

b. Technology commercialization committee.

(1) The technology commercialization committee is established pursuant to Iowa Code section 15.116. The membership and size of the committee and the terms of committee members will be established by the board.

(2) The director will appoint a member to serve as chairperson. The chairperson may appoint members of the technology commercialization committee to serve on a technology commercialization subcommittee if necessary. Such a subcommittee is advisory only and may perform such duties as may be assigned by the chairperson and members of the technology commercialization committee.

(3) The duties of the technology commercialization committee may include reviewing applications for financial assistance, conducting a thorough review of proposed projects, making recommendations to the board regarding the size and conditions of awards, and any other duty assigned by the board in relation to the programs administered by the authority to the extent such programs relate to the areas and industry sectors identified in Iowa Code section 15.116.

(4) A majority of committee members constitutes a quorum.

c. The director may appoint ad hoc committees to serve in an advisory capacity to the authority whenever the director deems them necessary to accomplish the work of the authority. The size of such committees and the terms of committee members will be established by the director. Such committees may be dissolved as deemed appropriate by the director, and other committees may from time to time be established for specific purposes.
[**ARC 9995C**, IAB 1/21/26, effective 2/25/26]

261—1.3(15) Authority structure.

1.3(1) *General.* The authority's organizational structure consists of the board, the director and such divisions as the director may from time to time create.

1.3(2) *Chief designee.* The director may designate an employee to administer the authority in the director's absence. Such employee may bear the title of deputy director, chief operating officer, chief of staff, or other similar title as long as the director has executed an instrument clearly delegating the director's authority to that employee.

1.3(3) *Signature authority.* The director may authorize one or more employees to execute and deliver on behalf of the authority any agreement, document, or instrument as such employee may deem necessary or appropriate to implement and carry out the intent and purpose of any statute or administrative rule by which the authority is bound other than those statutes or administrative rules requiring a person holding a specified office to sign, if any, as long as the director has executed an instrument clearly delegating such authority to such employee or employees.
[**ARC 9995C**, IAB 1/21/26, effective 2/25/26]

261—1.4(15) Information. The general public may obtain information about the Iowa economic development authority by contacting the authority at its offices located at 1963 Bell Avenue, Des Moines, Iowa 50315; by telephone at 515.348.6200; or through the authority's website.
[**ARC 9995C**, IAB 1/21/26, effective 2/25/26]

These rules are intended to implement Iowa Code chapter 15.

[Filed emergency 12/19/86—published 1/4/87, effective 12/19/86]
[Filed emergency 6/10/88—published 6/29/88, effective 7/1/88]
[Filed 6/26/95, Notice 5/10/95—published 7/19/95, effective 8/23/95]
[Filed 1/22/99, Notice 9/9/98—published 2/10/99, effective 3/17/99]
[Filed 6/20/03, Notice 5/14/03—published 7/9/03, effective 8/13/03]
[Filed emergency 7/7/05—published 8/3/05, effective 7/7/05]
[Filed 10/21/05, Notice 8/3/05—published 11/9/05, effective 12/14/05]
[Filed emergency 6/15/07—published 7/4/07, effective 6/15/07]
[Filed 8/22/07, Notice 7/4/07—published 9/26/07, effective 10/31/07]
[Filed 2/22/08, Notice 12/19/07—published 3/12/08, effective 4/16/08]
[Filed Emergency ARC 7970B, IAB 7/15/09, effective 7/1/09]
[Filed ARC 8145B (Notice ARC 7971B, IAB 7/15/09), IAB 9/23/09, effective 10/28/09]
[Filed ARC 0441C (Notice ARC 0279C, IAB 8/22/12), IAB 11/14/12, effective 12/19/12]
[Filed ARC 6356C (Notice ARC 6243C, IAB 3/23/22), IAB 6/15/22, effective 7/20/22]
[Filed ARC 9995C (Notice ARC 9540C, IAB 9/17/25), IAB 1/21/26, effective 2/25/26]

CHAPTER 2
DEBARMENT FROM PARTICIPATION IN AUTHORITY PROGRAMS AND TRANSACTIONS

Chapter rescission date pursuant to Iowa Code section 17A.7: 12/3/30

261—2.1(15) Definitions.

"Affiliate" means any entity that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with another entity or person. "Control" as used in this definition means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an enterprise through ownership, by contract or otherwise. A voting interest of 10 percent or more creates a rebuttable presumption of control.

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

"Debar" or *"debarment"* means action taken by the authority to prohibit a person from receiving an award of financial assistance or from being selected as a vendor pursuant to Iowa Code section 15.106E and this chapter.

"Director" means the director of the authority.

"Person" means the same as defined in Iowa Code section 4.1(20).

"Principal" means an officer, director, or owner.

"Respondent" means a person the authority intends to debar or has debarred.

"Vendor" means a person who provides goods or services to the authority.

[**ARC 9651C**, IAB 10/29/25, effective 12/3/25]

261—2.2(15) Factors considered.

2.2(1) The authority may debar a person in any of the circumstances listed in Iowa Code section 15.106E(1). The authority will consider the following factors to determine whether debarment is warranted:

a. Whether the person had effective standards of conduct and internal control systems in place at the time the cause for debarment occurred or has adopted such procedures.

b. Whether the person brought the cause for debarment to the attention of the authority in a timely manner.

c. Whether the person has fully investigated the circumstances surrounding the cause for debarment and, if so, has made the result of the investigation available to the authority.

d. Whether the person cooperated fully with the authority or other government agencies during any investigation or court or administrative action related to the cause for debarment.

e. Whether the person has paid or has agreed to pay all applicable criminal, civil, and administrative liability relating to the cause for debarment, including any investigative or administrative costs incurred by the authority, and has made or agreed to make full restitution as applicable.

f. Whether the person has taken appropriate disciplinary action against the individuals responsible for the cause for debarment.

g. Whether the person has implemented or agreed to implement remedial measures, including any identified by the authority.

h. Whether the person has had adequate time to eliminate the circumstances that led to the cause for debarment.

i. Whether the person or relevant principals in an organization recognize and understand the seriousness of the misconduct giving rise to the cause for debarment.

j. Whether the federal government, another state, or another state agency has issued a debarment or other prohibition comparable to debarment based on the same or similar conduct that constitutes cause for debarment by the authority.

k. Any other factors deemed relevant to the cause for debarment by the authority.

2.2(2) The existence or nonexistence of any mitigating factors or remedial measures, including those set forth in subrule 2.2(1), is not necessarily determinative of whether the authority will debar a person.

[**ARC 9651C**, IAB 10/29/25, effective 12/3/25]

261—2.3(15) Debarment procedure.

2.3(1) Upon receipt of information that a person has engaged in conduct that could constitute cause for debarment, the director will determine whether to debar a person based on all information available to the authority or whether additional information is required to make such a determination.

2.3(2) If the director determines debarment is warranted, the person and any affiliates, principals, or employees to be debarred will be given prompt notice in writing of the following:

a. That the person is debarred and the identity of any affiliates, principals, or employees who are debarred;

b. The circumstance(s) in Iowa Code section 15.106E(1) relied on by the authority to impose debarment;

c. The conduct or information upon which the debarment is based;

d. The period of debarment, including effective dates; and

e. The effect of the proposed debarment, including identification of authority programs or transactions to which the debarment applies.

2.3(3) If the director determines that additional information is required, the person and any affiliates, principals, or employees who may be debarred will be given prompt notice in writing of the following:

a. That debarment is being considered;

b. The circumstance(s) in Iowa Code section 15.106E(1) relied on by the authority to propose debarment;

c. The conduct or information upon which the proposed debarment is based;

d. The period of proposed debarment, including effective dates;

e. The effect of the proposed debarment, including identification of authority programs or transactions to which the debarment may apply; and

f. The additional information sought by the authority to determine whether debarment is warranted, when the respondent must provide such information, and the effect of failure to provide such information to the satisfaction of the authority.

2.3(4) After following the procedure identified in subrule 2.3(3), the director will promptly notify in writing the person and any affected affiliates, employees, or principals whether debarment is imposed. If debarment is imposed, notification will be provided in accordance with subrule 2.3(2).

2.3(5) The authority may, in its discretion, enter into an agreement with a person establishing terms and conditions for continued or future participation in authority programs or transactions in lieu of debarment.

[**ARC 9651C**, IAB 10/29/25, effective 12/3/25]

261—2.4(15) Period and scope of debarment.

2.4(1) Debarment will be for a period commensurate with the acts or omissions of the person to be debarred. A person will not be debarred for an initial period that exceeds three years. The authority may impose an additional period of debarment if, prior to the expiration of an initial period of debarment, the authority determines an additional period of debarment is warranted.

2.4(2) A person may be debarred from one or more authority programs or transactions or from all authority programs and transactions.

[**ARC 9651C**, IAB 10/29/25, effective 12/3/25]

261—2.5(15) Request for review and response.

2.5(1) A person who has been debarred by the authority may request a review of the authority's determination pursuant to Iowa Code section 15.106E(3). The request may include any information relevant to demonstrate the authority's determination was based on a clear error of material fact or law or that the authority's determination was arbitrary, capricious, or an abuse of discretion.

2.5(2) The authority will issue a decision on the request for review in accordance with Iowa Code section 15.106E(3).

[**ARC 9651C**, IAB 10/29/25, effective 12/3/25]

261—2.6(15) Request for reinstatement after debarment.

2.6(1) A person who has been debarred may submit a request for reinstatement during the period of debarment if:

a. New information becomes available that is relevant to the cause for debarment and that was not previously discoverable;

b. Criminal charges or civil or administrative actions related to the cause for debarment have been dismissed or a criminal conviction or civil judgment related to the cause for debarment has been reversed;

c. A debarment or comparable prohibition imposed by the federal government, another state, or another state agency, upon which the authority debarment was based, has been reversed;

d. A bona fide change in ownership or management of the person debarred has occurred; or

e. The person is able to supply other proof that the causes for debarment have been eliminated.

2.6(2) A request for reinstatement must be submitted to the director. The petition must be accompanied by written evidence that supports the request.

2.6(3) The authority will issue a decision on a request for reinstatement within 60 calendar days of the receipt of the request. The authority may approve, deny, or modify the debarment based on all information available to the authority and based upon the factors identified in rule 261—2.2(15). The authority shall issue its decision in writing and provide written notice of the decision to the person and any affected affiliates, principals, or employees.

[**ARC 9651C**, IAB 10/29/25, effective 12/3/25]

261—2.7(15) Additional remedies. The authority may impose additional consequences for a cause for debarment that are allowed under any authority programs in which a debarred person is participating or any existing agreements between the authority and a debarred person.

[**ARC 9651C**, IAB 10/29/25, effective 12/3/25]

These rules are intended to implement Iowa Code section 15.106E.

[Filed ARC 9651C (Notice ARC 9458C, IAB 8/6/25), IAB 10/29/25, effective 12/3/25]

CHAPTER 3
PETITION FOR DECLARATORY RULING
Renumbered 261—Ch 103, IAB 7/19/95

PART II
WORKFORCE DEVELOPMENT COORDINATION

CHAPTER 4
WORKFORCE DEVELOPMENT ACCOUNTABILITY SYSTEM
Rescinded **ARC 7056C**, IAB 8/9/23, effective 9/13/23

CHAPTER 5
IOWA INDUSTRIAL NEW JOBS TRAINING PROGRAM
[Prior to 1/14/87; Iowa Development Commission[520] Ch 5]
Transferred to 877—Chapter 16, IAC Supplement 10/18/23

CHAPTER 6
RETRAINING PROGRAM
Rescinded IAB 7/8/92, effective 7/1/92

CHAPTER 7
IOWA JOBS TRAINING PROGRAM
[Prior to 1/14/87 Iowa Development Commission(520), Ch 7]
[Prior to 7/8/92, see 261—Chs 6 and 7]
Transferred to 877—Chapter 17, IAC Supplement 10/18/23

CHAPTER 8
WORKFORCE DEVELOPMENT FUND
[Prior to 9/6/00, see 261—Ch 75]
Transferred to 877—Chapter 18, IAC Supplement 10/18/23

CHAPTER 9
WORKFORCE TRAINING AND ECONOMIC DEVELOPMENT FUNDS
Rescinded **ARC 6320C**, IAB 5/18/22, effective 6/22/22

CHAPTER 10
LABOR-MANAGEMENT COOPERATION PROGRAM
Transferred to 345—Ch 11, IAB 7/17/96, effective 7/1/96, pursuant to 1996 Iowa Acts, Senate File 2409.

CHAPTER 11
CERTIFIED SCHOOL TO CAREER PROGRAM
Rescinded **ARC 6320C**, IAB 5/18/22, effective 6/22/22

CHAPTER 12
APPRENTICESHIP TRAINING PROGRAM
Transferred to 877—Chapter 19, IAC Supplement 10/18/23

CHAPTER 13
FUTURE READY IOWA REGISTERED APPRENTICESHIP DEVELOPMENT FUND
Transferred to 877—Chapter 20, IAC Supplement 10/18/23

CHAPTER 14
FUTURE READY IOWA EXPANDED REGISTERED
APPRENTICESHIP OPPORTUNITIES PROGRAM
Transferred to 877—Chapter 21, IAC Supplement 10/18/23

CHAPTER 15
STEM BEST APPROPRIATION
Rescinded **ARC 8258C**, IAB 10/16/24, effective 11/20/24

CHAPTER 16
Reserved

CHAPTER 17
HIGH TECHNOLOGY APPRENTICESHIP PROGRAM
Rescinded IAB 7/4/07, effective 6/15/07

CHAPTER 18
WORK FORCE INVESTMENT PROGRAM
Transferred to 345—Ch 13, IAB 7/17/96, effective 7/1/96, pursuant to 1996 Iowa Acts, Senate File 2409

CHAPTER 19
IOWA JOB TRAINING PARTNERSHIP PROGRAM
Transferred to 345—Ch 14, IAB 7/17/96, effective 7/1/96, pursuant to 1996 Iowa Acts, Senate File 2409.

CHAPTER 20
ACCELERATED CAREER EDUCATION (ACE) PROGRAM
Transferred to 877—Chapter 22, IAC Supplement 11/1/23

CHAPTER 21
LENGTH OF SERVICE AWARDS PROGRAM GRANT FUND

Chapter rescission date pursuant to Iowa Code section 17A.7: 1/28/31

261—21.1(15) Purpose. The length of service awards program grant fund is created pursuant to and for the purposes stated under Iowa Code section 100B.52 as enacted by 2025 Iowa Acts, House File 1002.
[**ARC 9857C**, IAB 12/24/25, effective 1/28/26]

261—21.2(15) Definitions.

"Applicant" means an eligible municipality that is applying for a grant.

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

"Emergency medical care provider" means the same as defined in Iowa Code section 147A.1.

"Grant" means financial assistance provided by the authority from the length of service awards program grant fund established pursuant to Iowa Code section 100B.52 as enacted by 2025 Iowa Acts, House File 1002, and administered pursuant to this chapter.

"Municipality" means the same as defined in Iowa Code section 100B.21.

"Participant" means a volunteer emergency medical care provider, reserve peace officer or volunteer firefighter receiving funds under a program.

"Program" means a length of service award program created by an applicant that meets the requirements set forth in Iowa Code section 100B.51 as enacted by 2025 Iowa Acts, House File 1002, and Title 26 of the U.S. Code (26 U.S.C. Section 457(e)(11)).

"Recipient" means a municipality that has been awarded a grant.

"Reserve peace officer" means the same as defined in Iowa Code section 80D.1A.

"Volunteer" means the same as defined in Iowa Code section 100B.51 as enacted by 2025 Iowa Acts, House File 1002.

"Volunteer firefighter" means the same as defined in Iowa Code section 85.61.
[**ARC 9857C**, IAB 12/24/25, effective 1/28/26]

261—21.3(15) Eligible applicants. To be eligible for a grant, an applicant must be a municipality that has:

21.3(1) Created a program by resolution or ordinance from the municipality's governing body for volunteer emergency medical care providers, volunteer firefighters and reserve peace officers and confirmed by such resolution or ordinance that the program meets the requirements set forth in Iowa Code section 100B.51 as enacted by 2025 Iowa Acts, House File 1002, and Title 26 of the U.S. Code (26 U.S.C. Section 457).

21.3(2) Created a dedicated account for the sole purpose of funding and managing its program.
[**ARC 9857C**, IAB 12/24/25, effective 1/28/26]

261—21.4(15) Application procedures. An applicant will be required to:

21.4(1) Electronically file the applicant's grant application in the form and content prescribed by the authority.

21.4(2) Provide the authority with a certified copy of a resolution or ordinance from the applicant's governing body creating a qualified program.

21.4(3) Provide the authority with a roster of participants in the applicant's program. Volunteer emergency medical care providers, reserve peace officers and volunteer firefighters shall only be included in a roster for one program per application cycle.
[**ARC 9857C**, IAB 12/24/25, effective 1/28/26]

261—21.5(15) Application review process. An application will be reviewed by the authority for funding approval based on an applicant's eligibility and the completeness of the applicant's application. Based on the review process and subject to available funding, the authority may revise the applicant's overall funding request pursuant to Iowa Code section 100B.52 as enacted by 2025 Iowa Acts, House File 1002.
[**ARC 9857C**, IAB 12/24/25, effective 1/28/26]

261—21.6(15) Matching contributions. A recipient shall meet the match requirements specified in Iowa Code section 100B.52 as enacted by 2025 Iowa Acts, House File 1002.
[**ARC 9857C**, IAB 12/24/25, effective 1/28/26]

261—21.7(15) Administration.

21.7(1) The authority will notify a successful applicant in writing of the applicant's approved application for funding and prepare an agreement that reflects the terms of the grant award. The successful applicant must execute and return the agreement to the authority within 45 days of the transmittal of the final agreement from the authority. Failure to do so may result in the authority terminating the award.

21.7(2) Following execution of the final agreement, the authority will disburse the grant funds to the recipient for deposit into the recipient's dedicated program fund.

21.7(3) A recipient shall allow access by the Office of Auditor of State, the authority or the authority's designee to all books, accounts, reports and other records pertaining to the recipient's receipt of a grant, management of and contributions made to the recipient's dedicated program account, and the administration of the recipient's program.

21.7(4) Should the authority find that a recipient is not in compliance with any of the requirements for receiving a grant, the authority may employ any remedies it deems appropriate, including but not limited to the following:

a. Issue a warning letter stating that continued failure to comply with grant requirements within a stated period of time will result in a more serious action.

b. Condition a future award on correcting compliance issues.

c. Require that some or all of the awarded funds be remitted to the authority.

d. Elect not to provide future award funds to the recipient until appropriate actions are taken to ensure compliance.

e. Prohibit a future award of funds.

[**ARC 9857C**, IAB 12/24/25, effective 1/28/26]

261—21.8(15) References. All references to the United States Code in this chapter are to the laws as in effect January 28, 2026.
[**ARC 9857C**, IAB 12/24/25, effective 1/28/26]

These rules are intended to implement Iowa Code section 100B.52 as enacted by 2025 Iowa Acts, House File 1002.

[Filed ARC 9857C (Notice ARC 9611C, IAB 10/15/25), IAB 12/24/25, effective 1/28/26]

CHAPTER 22
NUISANCE PROPERTY AND ABANDONED BUILDING REMEDIATION ASSISTANCE

Chapter rescission date pursuant to Iowa Code section 17A.7: 12/3/30

261—22.1(15) Definitions. For purposes of this chapter unless the context otherwise requires:

"Abandoned building" means a building that has remained vacant and been in violation of the applicable housing code or building code for a period of six consecutive months.

"Applicant" means a city applying for financial assistance under the program.

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

"Building" means a structure that is:

1. Used or intended to be used for commercial or industrial purposes; or
2. Used or intended to be used for residential purposes; or
3. Used or intended to be used for both commercial or industrial and residential purposes.

"Costs directly related" means expenditures that are incurred for acquisition, demolition, disposal, redevelopment, or rehabilitation of a project to the extent that they are attributable directly to the remediation or redevelopment of the property or its improvements. "Costs directly related" includes expenditures for site preparation work, surveying, construction materials, construction labor, architectural services, engineering services, building permits, building inspection fees, and interest accrued on a construction loan during the time period allowed for project completion under an agreement entered into pursuant to the program. "Costs directly related" does not include expenditures for furnishings, appliances, accounting services, legal services, loan origination and other financing costs, syndication fees and related costs, developer fees, or the costs associated with selling or renting the dwelling units whether incurred before or after completion of the project.

"Director" means the director of the authority.

"Financial assistance" means a loan or forgivable loan made by the authority to an applicant approved for funding under the program.

"Nuisance property" means a building, structure, or other real estate that is, or is likely to become, a public nuisance.

"Program" means the nuisance property and abandoned building remediation assistance program established pursuant to this chapter.

"Project" means remediation or redevelopment of nuisance properties and abandoned buildings. "Project" may include properties at multiple sites and locations, whether contiguous or not, as long as all properties to be remediated or redeveloped are included in the proposed plan upon application and as long as the proposed plan demonstrates the steps and actions necessary to further remediation and redevelopment efforts in a comprehensive and coordinated manner.

"Public nuisance" means the same as defined in Iowa Code section 657A.1 and includes buildings with blighting characteristics as described in Iowa Code section 403.2.

"Redevelopment" means development activities associated with a project that are undertaken either for the purpose of remediating nuisance properties or abandoned buildings; for constructing new buildings or improvements at a site where formerly existing buildings have been demolished; or for rehabilitating, reusing or repurposing existing buildings or improvements at a project site. "Redevelopment" typically includes projects that result in the elimination of blighting characteristics as described in Iowa Code section 403.2.

"Remediation" or *"remediating"* means the demolition, disposal, removal, repair, improvement, or rehabilitation of nuisance property or abandoned buildings at a site included in a project.

[**ARC 9652C**, IAB 10/29/25, effective 12/3/25]

261—22.2(15) Program description.

22.2(1) *Amount, form, and timing of assistance.* The program provides financial assistance to cities for the redevelopment or remediation of nuisance properties and abandoned buildings and other structures. The amount of assistance awarded will be negotiated between each applicant and the authority based on the total amount of funds available to the authority for the program and based on the project details.

22.2(2) *Application.*

a. Each fiscal year in which funding is available, the authority will accept applications for the assistance under the program and make funding decisions on a rolling basis.

b. Information on submitting an application under the program is available on the authority's website.

22.2(3) *Use of funds.*

a. An applicant shall use funds only for purposes of the costs directly related to the project and provide documentation or other information establishing the actual costs incurred for a project. Failure to use the funds for purpose of the costs directly related to a project shall be grounds for default under the contract entered pursuant to this chapter.

b. If a city receives financial assistance under the program, the amount of any lien created for costs related to remediation of a property included in a project plan shall not include any moneys that the city received pursuant to this chapter for the remediation of the property. The contract executed pursuant to rule 261—22.4(15) will include a provision implementing this requirement.

[**ARC 9652C**, IAB 10/29/25, effective 12/3/25]

261—22.3(15) Eligibility and funding decisions.

22.3(1) To be eligible under the program, an applicant shall be a city interested in addressing issues of slum and blight through the remediation or redevelopment of nuisance properties or abandoned buildings.

22.3(2) Scoring criteria for applications may include but are not limited to financial need, project impact, plan to address the nuisance property or abandoned building, and other criteria as determined appropriate by the authority.

22.3(3) Each eligible application will be scored by authority staff. The director will make the final funding decision on each application, taking into consideration the amount of available funding, the numerical score of the application, and the funding recommendation of authority staff. The director may approve, deny, or defer funding for any application.

[**ARC 9652C**, IAB 10/29/25, effective 12/3/25]

261—22.4(15) Contract. Each applicant that is approved for financial assistance under the program shall enter into a contract with the authority. The contract will establish the terms on which the financial assistance is to be provided and may include any other terms necessary for administration of the program. The authority may require that an applicant utilize a grant administrator as a condition to receipt of financial assistance.

[**ARC 9652C**, IAB 10/29/25, effective 12/3/25]

These rules are intended to implement Iowa Code section 15.338.

[Filed ARC 2420C (Notice ARC 2263C, IAB 11/25/15), IAB 3/2/16, effective 4/6/16]

[Filed ARC 9652C (Notice ARC 9423C, IAB 7/23/25), IAB 10/29/25, effective 12/3/25]

CHAPTER 23
IOWA COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

Chapter rescission date pursuant to Iowa Code section 17A.7: 2/25/31

261—23.1(15) Purpose. The primary purpose of the community development block grant program is the development of viable communities by providing decent housing and suitable living environments and expanding economic opportunities, primarily for persons of low and moderate income.
[**ARC 9996C**, IAB 1/21/26, effective 2/25/26]

261—23.2(15) Definitions. When used in this chapter, unless the context otherwise requires:

"Annual action plan" means the annual plan required and approved by HUD that outlines the state's processes and procedures for distribution of CDBG funds. The annual action plan is available on the authority's website.

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

"Authority's website" means the information and related content found at opportunityiowa.gov and may include integrated content at affiliate sites.

"CDBG" means community development block grant.

"Citizen participation plan" means the plan required and approved by HUD that describes the state's process for including citizen participation in development of its consolidated plan and annual action plan. The citizen participation plan is available on the authority's website.

"Consolidated plan" means the five-year plan required and approved by HUD that establishes goals and objectives for the state's CDBG program. The consolidated plan is available on the authority's website.

"HUD" means the U.S. Department of Housing and Urban Development.

"Management guide" means the administrative reference manual published by the authority for each program year. The management guide is available on the authority's website.

"Program year" means the annual period beginning January 1 and ending December 31.

"Recipient" means a local government entity awarded CDBG funds under any CDBG program.
[**ARC 9996C**, IAB 1/21/26, effective 2/25/26]

261—23.3(15) Annual action plan. The authority will prepare a CDBG annual action plan for submittal to and approval by HUD. The plan will provide a description of the activities and programs that will take place during the year to meet goals established in the consolidated plan.

23.3(1) The authority will follow the state's citizen participation plan during the development of the annual action plan. A draft annual action plan will be available on the authority's website for 30 days for public review and comment. The authority will hold a public hearing during the comment period to collect public input on the plan prior to its submittal to HUD.

23.3(2) The annual action plan will include the proposed CDBG program funding allocation.
[**ARC 9996C**, IAB 1/21/26, effective 2/25/26]

261—23.4(15) Allocation of funds. Upon approval by HUD, the authority will allocate CDBG funds among programs or activities described in the state's most recent annual action plan, which may include but not be limited to the following:

1. Housing assistance.
2. Water and sewer improvements.
3. Community facilities improvements.
4. Opportunities and threats fund.
5. Neighborhood revitalization activities.

[**ARC 9996C**, IAB 1/21/26, effective 2/25/26]

261—23.5(15) Requirements for funding. Applications for funds under any of the program-allocated funds pursuant to rule 261—23.4(15) shall meet the minimum criteria described in subrules 23.5(1) through 23.5(3).

23.5(1) Proposed activities shall be eligible, as authorized by Title I, Section 105, of the Housing and Community Development Act of 1974 as amended and as further defined in 24 CFR Part 570. References in this subrule are to the laws as in effect February 25, 2026.

23.5(2) Proposed activities shall address at least one of the following three objectives:

a. Primarily benefit low- and moderate-income persons. To address this objective, 51 percent or more persons benefiting from a proposed activity must have incomes at or below 80 percent of the area median income as defined by HUD.

b. Aid in the prevention or elimination of slums and blight. To address this objective, the application must document the extent or seriousness of deterioration in the area to be assisted, showing a clear adverse effect on the well-being of the area or community and illustrating that the proposed activity will alleviate or eliminate the conditions causing the deterioration.

c. Meet an urgent community development need. To address this objective, the applicant must certify that the proposed activity is designed to alleviate existing conditions that pose a serious and immediate threat to the health or welfare of the community and that are recent in origin or that recently became urgent, that the applicant is unable to finance the activity without CDBG assistance and that other sources of funding are not available.

23.5(3) Applicants shall certify their compliance with federal requirements applicable to the CDBG program.

[**ARC 9996C**, IAB 1/21/26, effective 2/25/26]

261—23.6(15) Award and administration. The authority may negotiate award amounts, terms and conditions prior to making any award under the program. A management guide detailing the instructions for administration of awards will be updated periodically by the authority and will be available on the authority's website.

[**ARC 9996C**, IAB 1/21/26, effective 2/25/26]

These rules are intended to implement Iowa Code section 15.108(1)*"a"* and 24 CFR Part 570.

[Filed emergency 4/2/82 after Notice 2/17/82—published 4/28/82, effective 4/2/82]
[Filed 12/7/82, Notice 9/1/82—published 12/22/82, effective 1/26/83]
[Filed emergency 6/3/83—published 6/22/83, effective 6/3/83]
[Filed 9/23/83, Notice 8/17/83—published 10/12/83, effective 11/16/83]
[Filed emergency 1/27/84—published 2/15/84, effective 1/27/84]
[Filed 9/21/84, Notice 8/15/84—published 10/10/84, effective 11/14/84]
[Filed emergency 11/30/84—published 12/19/84, effective 11/30/84]
[Filed emergency 1/29/85—published 2/27/85, effective 1/29/85]
[Filed 9/20/85, Notice 8/14/85—published 10/9/85, effective 11/13/85]
[Filed emergency 10/10/85—published 11/6/85, effective 10/10/85]
[Filed emergency 3/21/86—published 4/9/86, effective 3/21/86]
[Filed emergency 8/8/86—published 8/27/86, effective 8/8/86][1]
[Filed emergency 11/14/86 after Notice 10/8/86—published 12/3/86, effective 11/14/86]
[Filed emergency 9/11/87 after Notice 7/29/87—published 10/7/87, effective 9/11/87]
[Filed 8/19/88, Notice 6/15/88—published 9/7/88, effective 10/12/88]
[Filed emergency 11/23/88—published 12/14/88, effective 11/23/88]
[Filed emergency 2/17/89—published 3/8/89, effective 2/17/89]
[Filed emergency 5/19/89—published 6/14/89, effective 5/19/89]
[Filed 8/18/89, Notice 7/12/89—published 9/6/89, effective 10/11/89]
[Filed emergency 10/20/89—published 11/15/89, effective 10/20/89]
[Filed 8/17/90, Notice 7/11/90—published 9/5/90, effective 10/10/90]
[Filed emergency 4/19/91—published 5/15/91, effective 4/19/91]
[Filed emergency 6/21/91 after Notice 4/17/91—published 7/10/91, effective 6/21/91]
[Filed 9/25/91, Notice 7/10/91—published 10/16/91, effective 11/20/91]
[Filed 5/22/92, Notice 3/18/92—published 6/10/92, effective 7/15/92]
[Filed 9/23/92, Notice 7/8/92—published 10/14/92, effective 11/18/92]

[Filed emergency 8/20/93—published 9/15/93, effective 8/20/93]
[Filed emergency 10/22/93 after Notice 8/18/93—published 11/10/93, effective 10/22/93]
[Filed emergency 10/22/93—published 11/10/93, effective 10/22/93]
[Filed emergency 3/17/94—published 4/13/94, effective 3/18/94]
[Filed 8/19/94, Notice 7/6/94—published 9/14/94, effective 10/19/94]
[Filed emergency 12/8/94—published 1/4/95, effective 12/8/94]
[Filed emergency 1/20/95—published 2/15/95, effective 1/20/95]
[Filed emergency 10/24/95 after Notice 8/16/95—published 11/8/95, effective 10/24/95]
[Filed emergency 10/18/96 after Notice 9/11/96—published 11/6/96, effective 10/18/96]
[Filed 10/23/97, Notice 9/10/97—published 11/19/97, effective 12/24/97]
[Filed 1/23/98, Notice 12/17/97—published 2/11/98, effective 3/18/98]
[Filed 8/20/98, Notice 7/15/98—published 9/9/98, effective 10/14/98]
[Filed 1/22/99, Notice 12/16/98—published 2/10/99, effective 3/17/99]
[Filed 4/28/99, Notice 3/10/99—published 5/19/99, effective 6/23/99]
[Filed emergency 7/22/99—published 8/11/99, effective 7/23/99]
[Filed 8/20/99, Notice 6/16/99—published 9/8/99, effective 10/13/99]
[Filed 9/16/99, Notice 8/11/99—published 10/6/99, effective 11/10/99]
[Filed 8/30/02, Notice 7/10/02—published 9/18/02, effective 10/23/02]
[Filed emergency 11/20/03—published 12/24/03, effective 1/1/04]
[Filed 2/23/04, Notice 12/24/03—published 3/17/04, effective 4/21/04]
[Filed 3/19/04, Notice 2/4/04—published 4/14/04, effective 5/19/04]
[Filed 12/16/04, Notice 8/4/04—published 1/19/05, effective 2/23/05]
[Filed 4/21/06, Notice 2/15/06—published 5/10/06, effective 6/14/06]
[Filed emergency 10/16/08—published 11/5/08, effective 10/16/08]
[Filed 9/18/08, Notice 8/13/08—published 10/8/08, effective 11/12/08]
[Filed emergency 9/26/08—published 10/22/08, effective 9/26/08]
[Filed 9/26/08, Notice 7/16/08—published 10/22/08, effective 11/26/08]
[Filed emergency 10/16/08—published 11/5/08, effective 10/16/08]
[Filed Emergency ARC 7970B, IAB 7/15/09, effective 7/1/09]
[Filed ARC 8145B (Notice ARC 7971B, IAB 7/15/09), IAB 9/23/09, effective 10/28/09]
[Filed ARC 2038C (Notice ARC 1890C, IAB 3/4/15), IAB 6/24/15, effective 7/29/15]
[Filed ARC 6241C (Notice ARC 6139C, IAB 1/12/22), IAB 3/9/22, effective 4/13/22]
[Filed ARC 9996C (Notice ARC 9541C, IAB 9/17/25), IAB 1/21/26, effective 2/25/26]

[1] See IAB Economic Development Department.

CHAPTER 24
BROADBAND FORWARD AND TELECOMMUTER FORWARD CERTIFICATIONS

Chapter rescission date pursuant to Iowa Code section 17A.7: 2/25/31

261—24.1(15E) Definitions.

"Applicant" means a political subdivision that submits an application to the authority for a broadband forward certification or telecommuter forward certification.

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

"Broadband" means the same as defined in Iowa Code section 8.76.

"Broadband infrastructure" means the same as defined in Iowa Code section 8.76.

"Certification" means a certificate issued to a political subdivision pursuant to this chapter.

"Political subdivision" means the same as defined in Iowa Code section 15E.167.

"Program" means the broadband forward and telecommuter forward certification program established pursuant to Iowa Code section 15E.167 and this chapter.

[**ARC 9997C**, IAB 1/21/26, effective 2/25/26]

261—24.2(15E) Application, review, and approval.

24.2(1) *Application.* The authority will develop a standardized application process and make information on applying available on the authority's website at www.opportunityiowa.gov. To apply for certification under the program, a political subdivision shall submit an application to the authority in the form and manner prescribed by the authority. A political subdivision may apply for broadband forward certification and telecommuter forward certification concurrently.

24.2(2) *Review.* The authority will review each complete application to determine whether an applicant meets the criteria for certification.

24.2(3) *Approval.* The authority may approve, deny or defer applications for certification. If the authority approves an application for certification, the authority will issue a broadband forward or telecommuter forward certificate and assist the political subdivision in publicizing its certification.

[**ARC 9997C**, IAB 1/21/26, effective 2/25/26]

261—24.3(15E) Broadband forward certification.

24.3(1) To obtain broadband forward certification, a political subdivision shall submit to the authority an application that meets the criteria in Iowa Code section 15E.167(3).

24.3(2) A political subdivision applying for certification shall designate a single point of contact with the responsibilities described in Iowa Code section 15E.167(4).

24.3(3) The authority will evaluate whether the applicant demonstrates that its efforts or proposed efforts to develop broadband infrastructure and access to broadband will have a sufficient impact that warrants certification.

[**ARC 9997C**, IAB 1/21/26, effective 2/25/26]

261—24.4(15E) Telecommuter forward certification.

24.4(1) A political subdivision that meets the criteria for broadband forward certification may apply for telecommuter forward certification. To obtain telecommuter forward certification, a political subdivision shall submit to the authority an application that meets the criteria in Iowa Code section 15E.167(6).

24.4(2) A political subdivision applying for certification shall designate a single point of contact designated with the responsibilities described in Iowa Code section 15E.167(7).

24.4(3) The authority will evaluate whether the applicant demonstrates that its efforts or proposed efforts to further develop and promote the availability of telecommuting will have a sufficient impact that warrants certification.

[**ARC 9997C**, IAB 1/21/26, effective 2/25/26]

261—24.5(15E) Maintenance of certification.

24.5(1) *Reports.* A political subdivision certified pursuant to this chapter shall submit an annual report to the authority verifying its continued eligibility for certification pursuant to Iowa Code section 15E.167. If applicable, the report will also address a political subdivision's compliance with the restrictions in Iowa Code section 15E.167(5).

24.5(2) *Revocation of certification.* The authority shall revoke the certification of a political subdivision that does not comply with the requirements of Iowa Code section 15E.167 or that the authority otherwise determines is no longer eligible for certification pursuant to this chapter.

[**ARC 9997C**, IAB 1/21/26, effective 2/25/26]

These rules are intended to implement Iowa Code section 15E.167.

[Filed ARC 6085C (Notice ARC 5929C, IAB 9/22/21), IAB 12/15/21, effective 1/19/22]

[Filed ARC 9997C (Notice ARC 9543C, IAB 9/17/25), IAB 1/21/26, effective 2/25/26]

CHAPTER 25
HOUSING FUND

Rescinded **ARC 6320C**, IAB 5/18/22, effective 6/22/22

CHAPTER 26
VARIANCE PROCEDURES FOR TAX INCREMENT FINANCING (TIF) HOUSING PROJECTS

Chapter rescission date pursuant to Iowa Code section 17A.7: 7/2/30

261—26.1(403) Purpose. The authority is given the responsibility to rule on requests for variances in the percentage of low- and moderate-income benefit required in certain tax increment financing (TIF) districts for residential development as prescribed in the law. These rules establish procedures and criteria for variance requests.
[**ARC 9298C**, IAB 5/28/25, effective 7/2/25]

261—26.2(403) Definitions.

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

"Housing project" means a project in an urban renewal area established solely upon findings under Iowa Code section 403.2(3) that is primarily intended to support housing activities. These may include but are not limited to the following: public streets and utilities, site preparation, housing rehabilitation, real property acquisition, new housing construction, and conversion of existing structures into housing units.

"Low- or moderate-income families" or *"LMI families"* means the same as "low or moderate income families" as defined in Iowa Code section 403.17.

"Municipality" means the same as defined in Iowa Code section 403.17.
[**ARC 9298C**, IAB 5/28/25, effective 7/2/25]

261—26.3(403) Variance request procedure.

26.3(1) A municipality may request a variance at any time.

26.3(2) Requests for a variance shall be submitted on forms prescribed by the authority. The authority may request additional information from the municipality as part of the application review. Application information will be available on the authority's website.

26.3(3) The authority may modify the request to maximize the level of benefit to low- or moderate-income families, while preserving the financial feasibility of the TIF-supported housing project.

26.3(4) The authority will notify municipalities of its decision in writing. If the request is approved, the authority will indicate the level of the variance and the conditions for compliance with the variance. If the request is denied, the authority will state its reasons for the denial.
[**ARC 9298C**, IAB 5/28/25, effective 7/2/25]

261—26.4(403) Criteria for review. The authority will review the application on the following criteria:

1. Financial feasibility of the housing project with and without a variance of the low- and moderate-income benefit percentage.
2. Percentage of low- or moderate-income families in the community at the time of application as determined by the latest United States Department of Housing and Urban Development, Section 8, income guidelines.
3. Plan to utilize funds for housing activities benefitting low- or moderate-income families.
4. Other factors that may impact the project's need for a variance as determined by the authority.

[**ARC 9298C**, IAB 5/28/25, effective 7/2/25]

These rules are intended to implement Iowa Code section 403.22.

[Filed emergency 6/28/96—published 7/17/96, effective 7/1/96]
[Filed 9/20/96, Notice 7/17/96—published 10/9/96, effective 11/13/96]
[Filed ARC 9298C (Notice ARC 8925C, IAB 2/19/25), IAB 5/28/25, effective 7/2/25]

CHAPTER 27
NEIGHBORHOOD STABILIZATION PROGRAM

Rescinded **ARC 7056C**, IAB 8/9/23, effective 9/13/23

CHAPTER 28
RURAL HOUSING NEEDS ASSESSMENT GRANT PROGRAM

[Prior to 02/22/23, see Economic Development Authority[261] Ch 220]

Chapter rescission date pursuant to Iowa Code section 17A.7: 7/2/30

261—28.1(88GA,SF608) Purpose. The purpose of the rural housing needs assessment grant program is to support community efforts to interpret hard data with supplemental information and to help communities implement changes to development codes, local ordinances, and housing incentives according to the community's needs.

[**ARC 9299C**, IAB 5/28/25, effective 7/2/25]

261—28.2(88GA,SF608) Definitions. For purposes of this chapter unless the context otherwise requires:

"Applicant" means an Iowa community applying for financial assistance under the program.

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

"Community" means a county, an incorporated city, or a community designee.

"Community designee" means a legal entity established or designated by a county or incorporated city in an agreement pursuant to Iowa Code chapter 28E for the purposes of evaluating housing needs.

"Director" means the director of the authority.

"Financial assistance" means a grant made by the authority to an applicant approved for funding under the program.

"Program" means the rural housing needs assessment grant program established in this chapter.

[**ARC 9299C**, IAB 5/28/25, effective 7/2/25]

261—28.3(88GA,SF608) Program description.

28.3(1) *Amount, form, and timing of assistance.* The amount of assistance awarded will be determined by the authority and will be based on the total amount of funds available to the authority for the program and the costs specified in the application. 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. The authority will provide financial assistance in the form of a grant. Funds will be disbursed on a reimbursement basis for expenses incurred by the applicant after approval of an award by the director.

28.3(2) *Application.*

a. *Forms.* All applications and other filings related to the program shall be on such forms and in accordance with such instructions as may be established by the authority. Information about the program, the application, and application instructions may be obtained by contacting the authority.

b. *Application period.* Each fiscal year during which funding is available, applications for financial assistance will only be accepted during the established application period, or periods, as identified by the authority on its website.

c. *Completeness.* An application will not be considered submitted for review until the application is completed and all required supporting documentation and information are provided to the authority.

28.3(3) *Use of funds.*

a. An applicant shall use funds only for reimbursement of the costs directly related to a project. The authority may require documentation or other information establishing the actual costs incurred for a project.

b. For purposes of this subrule, "costs directly related" does not include any expenses specified as ineligible in the agreement entered pursuant to rule 261—28.5(88GA,SF608).

[**ARC 9299C**, IAB 5/28/25, effective 7/2/25]

261—28.4(88GA,SF608) Program eligibility, application scoring, and funding decisions.

28.4(1) *Program eligibility.* An applicant must meet the following eligibility criteria to qualify for financial assistance under this program:

a. The applicant must be an Iowa community as defined in rule 261—28.2(88GA,SF608).

b. An applicant that is an incorporated city must have a population of 20,000 or less and shall not be contiguous to a city with a population of 40,000 or greater. An applicant that is a county shall be one of

the 88 least populous counties in the state. An applicant that is a community designee shall have entered an agreement pursuant to Iowa Code chapter 28E with an incorporated city or county meeting the population criteria in this paragraph.

c. An eligible applicant will be allowed to submit only one application per application period.

d. The applicant must demonstrate the capacity for administering a grant.

e. The applicant must demonstrate the feasibility of the project's proposed scope and timeline with the funds requested.

f. The applicant must identify and describe other sources of funding for the proposed assessment and related activities.

g. The applicant must identify any partner organizations that will be utilized in interpreting and implementing the data collected through the assessment.

h. The applicant must provide a cash match of at least 50 cents for every dollar awarded as a grant under this program.

28.4(2) *Application scoring criteria.* All completed applications will be reviewed and scored. Each application will be scored using criteria set forth by the authority, which may include the following:

a. Applicant readiness and partnerships. The application should demonstrate that the applicant is actively addressing housing needs and has identified diverse partners.

b. Project goals and timeline. The application should demonstrate clearly defined, measurable goals and a timeline for execution of the project.

c. Project budget and financing. The application should include a complete budget that provides clear justification for all costs. The application should also demonstrate secured financing and that the cash match requirement has been met.

d. Additional points. Extra consideration is provided to applications that have projects identified in an Iowa great places agreement as well as those located in a community with a population of 10,000 or less.

28.4(3) *Funding decisions.* Funding decisions will be made using the following process:

a. *Staff review.* Each application will be reviewed by staff for eligibility and completeness. Eligible and complete applications will be sent to a grant committee.

b. *Grant committee review and recommendation.* Following staff review, a grant committee will review and score applications using the criteria in subrule 28.4(2) and will make funding recommendations. The committee may utilize an outside technical panel if the committee determines additional expertise is necessary to review and score the application. The application and score will be referred to the director with a recommendation as to whether to fund the project and, if funding is recommended, a recommendation as to the amount of the grant.

c. *Director's decision.* The director will make the final funding decision on each application, taking into consideration the amount of available funding and the grant committee's recommendation. The director may approve, deny, or defer funding for any application.

d. *Notification.* Each applicant will be notified in writing of the funding decision.

[**ARC 9299C**, IAB 5/28/25, effective 7/2/25]

261—28.5(88GA,SF608) Agreement and reports.

28.5(1) Each applicant that is approved for financial assistance under the program shall enter into an agreement with the authority for the provision of such financial assistance. The agreement will establish the terms on which the financial assistance is to be provided and may include any other terms reasonably necessary for the efficient administration of the program.

28.5(2) The authority and the applicant may amend the agreement at any time upon the mutual agreement of both the authority and the applicant.

28.5(3) A recipient under the program shall submit information reasonably required by the authority to make reports to the authority's board, the governor's office, or the general assembly.

[**ARC 9299C**, IAB 5/28/25, effective 7/2/25]

These rules are intended to implement 2019 Iowa Acts, Senate File 608, and Executive Order 11 (October 19, 2023).

[Filed ARC 5092C (Notice ARC 4774C, IAB 11/20/19), IAB 7/15/20, effective 8/19/20]

[Filed ARC 5693C (Notice ARC 5535C, IAB 3/24/21), IAB 6/16/21, effective 7/21/21]
[Filed ARC 6319C (Notice ARC 6202C, IAB 2/23/22), IAB 5/18/22, effective 6/22/22]
[Filed ARC 6892C (Notice ARC 6737C, IAB 12/14/22), IAB 2/22/23, effective 3/29/23]
[Filed ARC 9299C (Notice ARC 8928C, IAB 2/19/25), IAB 5/28/25, effective 7/2/25]

CHAPTER 29
RURAL INNOVATION GRANT PROGRAM

[Prior to 02/22/23, see Economic Development Authority[261] Ch 221]

Chapter rescission date pursuant to Iowa Code section 17A.7: 7/2/30

261—29.1(88GA,SF608) Purpose. The purpose of the rural innovation grant program is to support creative, nontraditional ideas that focus on current issues and challenges faced by rural communities.
[**ARC 9300C**, IAB 5/28/25, effective 7/2/25]

261—29.2(88GA,SF608) Definitions. For purposes of this chapter unless the context otherwise requires:

"Applicant" means an Iowa business, a college, a university, a city, a county, a council of governments organization established by Iowa Code chapter 28H, a K-12 educational institution, or a private nonprofit agency or a foundation applying for financial assistance under the program. A business will be considered an Iowa business if the business has a physical location in Iowa and is incorporated in the state of Iowa or authorized to do business in the state of Iowa.

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

"Director" means the director of the authority.

"Financial assistance" means a grant made by the authority to an applicant approved for funding under the program.

"Program" means the rural innovation grant program established in this chapter.

"Project" means a program or activity undertaken in and for the benefit of a community in Iowa with a population of 20,000 or less and not contiguous to a city with a population of 40,000 or greater.
[**ARC 9300C**, IAB 5/28/25, effective 7/2/25]

261—29.3(88GA,SF608) Program description.

29.3(1) *Amount, form, and timing of assistance.* The amount of assistance awarded will be determined by the authority based on the total amount of funds available to the authority for the program and based on the project details. 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. The authority will provide financial assistance in the form of a grant. Funds will be disbursed on a reimbursement basis for expenses incurred by the applicant after approval of an award by the director.

29.3(2) *Application.*

a. *Forms.* All applications and other filings related to the program shall be on such forms and in accordance with such instructions as established by the authority. Information about the program, the application, and application instructions may be obtained by contacting the authority.

b. *Application period.* Each fiscal year during which funding is available, applications for financial assistance will only be accepted during the established application period, or periods, as identified by the authority on its website.

c. *Frequency of application.* An eligible applicant may only be named as the primary entity on one application per application period. However, an applicant who has applied as the primary entity for an application may also be named as a partner on additional applications.

d. *Completeness.* An application will not be considered submitted for review until the application is completed and all required supporting documentation and information are provided.

29.3(3) *Use of funds.*

a. An applicant shall use funds only for reimbursement of the costs directly related to the project. The authority may require documentation or other information establishing the actual costs incurred for a project.

b. For purposes of this subrule, "costs directly related" does not include ineligible expenses, such as international travel, domestic travel outside the state of Iowa, insurance, training or professional development courses, and any other expenses specified as ineligible in the agreement entered pursuant to rule 261—29.5(88GA,SF608).
[**ARC 9300C**, IAB 5/28/25, effective 7/2/25]

261—29.4(88GA,SF608) Program eligibility, application scoring, and funding decisions.

29.4(1) *Program eligibility.* An applicant must meet the following eligibility criteria to qualify for financial assistance under this program:

a. The applicant must meet the definition of "applicant" in rule 261—29.2(88GA,SF608).

b. If the applicant is not a local government entity, the applicant must demonstrate support from the local government entity as evidenced by a letter of support.

c. The applicant and its proposed project must serve a city that has a population of 20,000 or less and that is not contiguous to a city with a population of 40,000 or greater.

d. The applicant must demonstrate the capacity for administering a grant.

e. The applicant must provide a cash match of at least 50 cents for every dollar awarded as a grant under this program.

f. The applicant must demonstrate that the project does not consist of ongoing expenses for existing projects or programs.

29.4(2) *Application scoring criteria.* All completed applications will be reviewed and scored. Each application will be scored using criteria set forth by the authority, which may include the following:

a. Alignment with program purpose. The application should demonstrate that the project aligns with the program purpose by developing a nontraditional, concrete solution to increase rural community vibrancy.

b. Innovation. The application should demonstrate that the project will address rural challenges through exceptional and creative solutions.

c. Replicability. The application should demonstrate a clear opportunity for successful replication in rural communities across the state.

d. Roles defined. The application should identify and describe the roles of all partners involved in the project.

e. Project goals and timeline. The application should demonstrate clearly defined, measurable goals and a timeline for execution of the project.

f. Project budget and financing. The application should include a complete budget that provides clear justification for all costs. The application should also demonstrate secured financing and that the cash match requirement has been met.

g. Additional points. Extra consideration is provided to projects identified in an Iowa great places agreement as well as those located in a community with a population of 10,000 or less.

29.4(3) *Funding decisions.* Funding decisions will be made using the following process:

a. *Staff review.* Each application will be reviewed by staff for eligibility and completeness. Eligible and complete applications will be sent to a grant committee.

b. *Grant committee review and recommendation.* Following staff review, a grant committee will review and score applications using the criteria in subrule 29.4(2) and will make funding recommendations. The committee may utilize an outside technical panel if the committee determines additional expertise is necessary to review and score the application. The application and score will be referred to the director with a recommendation as to whether to fund the project and, if funding is recommended, a recommendation as to the amount of the grant.

c. *Director's decision.* The director will make the final funding decision on each application, taking into consideration the amount of available funding and the grant committee's recommendation. The director may approve, deny, or defer funding for any application.

d. *Notification.* Each applicant will be notified in writing of the funding decision.

[**ARC 9300C**, IAB 5/28/25, effective 7/2/25]

261—29.5(88GA,SF608) Agreement and reports.

29.5(1) Each applicant that is approved for financial assistance under the program shall enter into an agreement with the authority for the provision of such financial assistance. The agreement will establish the terms on which financial assistance is to be provided and may include any other terms reasonably necessary for the efficient administration of the program.

29.5(2) The authority and the applicant may amend the agreement at any time upon the mutual agreement of both the authority and the applicant.

29.5(3) A recipient under the program shall submit information reasonably required by the authority to make reports to the authority's board, the governor's office, or the general assembly.

[**ARC 9300C**, IAB 5/28/25, effective 7/2/25]

These rules are intended to implement 2019 Iowa Acts, Senate File 608, and Executive Order 11 (October 19, 2023).

[Filed ARC 5093C (Notice ARC 4775C, IAB 11/20/19), IAB 7/15/20, effective 8/19/20]
[Filed ARC 6319C (Notice ARC 6202C, IAB 2/23/22), IAB 5/18/22, effective 6/22/22]
[Filed ARC 6892C (Notice ARC 6737C, IAB 12/14/22), IAB 2/22/23, effective 3/29/23]
[Filed ARC 9300C (Notice ARC 8927C, IAB 2/19/25), IAB 5/28/25, effective 7/2/25]

CHAPTER 30
EMPOWER RURAL IOWA PROGRAM

[Prior to 02/22/23, see Economic Development Authority[261] Ch 222]

Chapter rescission date pursuant to Iowa Code section 17A.7: 7/2/30

261—30.1(90GA,SF559,SF2432) Purpose. The empower rural Iowa initiative was created by Executive Order 3 (July 18, 2018), which directed the authority to provide staffing and administrative assistance for the initiative and its associated task forces. Executive Order 11 (October 19, 2023) amended and superseded Executive Order 3 (July 18, 2018) and restructured the initiative.
[**ARC 9301C**, IAB 5/28/25, effective 7/2/25]

261—30.2(90GA,SF559,SF2432) Definitions. As used in this chapter unless the context otherwise requires:

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

"Director" means the director of the authority.

"Empower rural Iowa initiative" or *"initiative"* means the initiative created by Executive Order 3 (July 18, 2018) and Executive Order 11 (October 19, 2023).

"Rural community" means either an Iowa city with a population of 20,000 or less and that is not contiguous to a city with a population of 40,000 or greater, or an Iowa county that is one of the 88 least populous counties in the state.
[**ARC 9301C**, IAB 5/28/25, effective 7/2/25]

261—30.3(90GA,SF559,SF2432) Eligible uses of funds.

30.3(1) Funds appropriated to the authority for the empower rural Iowa program shall be used to address the challenges and opportunities of rural communities. Uses of funds shall be approved by the director.

30.3(2) Eligible uses of funds include the following:

a. The rural housing needs assessment grant program administered pursuant to 261—Chapter 28;

b. The rural innovation grant program administered pursuant to 261—Chapter 29;

c. Support for entrepreneurship and cooperative business models for businesses in rural communities;

d. Leadership development training for representatives of rural communities;

e. Education and training opportunities relating to succession planning for businesses in rural communities;

f. Promotion of e-commerce opportunities for businesses in rural communities; and

g. Implementation of additional recommendations identified by the empower rural Iowa task force.
[**ARC 9301C**, IAB 5/28/25, effective 7/2/25]

These rules are intended to implement 2023 Iowa Acts, Senate File 559; 2024 Iowa Acts, Senate File 2432; and Executive Order 11 (October 19, 2023).

[Filed Emergency After Notice ARC 5963C (Notice ARC 5789C, IAB 7/28/21), IAB 10/6/21, effective 9/17/21]

[Filed ARC 6892C (Notice ARC 6737C, IAB 12/14/22), IAB 2/22/23, effective 3/29/23]

[Filed ARC 9301C (Notice ARC 8929C, IAB 2/19/25), IAB 5/28/25, effective 7/2/25]

CHAPTER 31
ECONOMIC DEVELOPMENT REGION INITIATIVES
Rescinded **ARC 9998C**, IAB 1/21/26, effective 2/25/26

CHAPTER 32
TAX CREDITS FOR ECONOMIC DEVELOPMENT REGION REVOLVING LOAN FUND
Rescinded **ARC 7056C**, IAB 8/9/23, effective 9/13/23

CHAPTER 33
IOWA WINE AND BEER PROMOTION GRANT PROGRAM
[Prior to 7/4/07, see 261—Ch 104]
Rescinded **ARC 6320C**, IAB 5/18/22, effective 6/22/22

CHAPTER 34
WELCOME CENTER PROGRAM
[Prior to 7/19/95, see 261—Ch 58]
[Prior to 9/6/00, see 261—Ch 63]
[Prior to 7/4/07, see 261—Ch 102]
Rescinded **ARC 7056C**, IAB 8/9/23, effective 9/13/23

CHAPTER 35
REGIONAL TOURISM MARKETING GRANT PROGRAM
Rescinded **ARC 7056C**, IAB 8/9/23, effective 9/13/23

CHAPTER 36
DOWNTOWN LOAN GUARANTEE PROGRAM

Chapter rescission date pursuant to Iowa Code section 17A.7: 1/1/28

261—36.1(15) Purpose. Pursuant to Iowa Code section 15.431, the authority, in partnership with the Iowa finance authority, shall establish and administer a downtown loan guarantee program. The purpose of the program is to encourage Iowa downtown businesses and banks to reinvest and reopen following the COVID-19 pandemic.
[**ARC 6134C**, IAB 1/12/22, effective 12/17/21]

261—36.2(15) Definitions.

"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 appointed by the governor and in whom the powers of the authority are vested pursuant to Iowa Code section 15.105.

"Borrower" means a business that is approved for a loan by a lender and that has applied for assistance under the program.

"Director" means the director of the authority.

"Iowa finance authority" means the public instrumentality and agency of the state created by Iowa Code section 16.1A.

"Lender" means a federally insured financial lending institution that issued a loan to a borrower.

"Program" means the downtown loan guarantee program established pursuant to this chapter.
[**ARC 6134C**, IAB 1/12/22, effective 12/17/21]

261—36.3(15) Eligibility. To be eligible for approval of a loan guarantee, a borrower must demonstrate that all of the following conditions are met:

36.3(1) The loan finances an eligible downtown resource center community catalyst building remediation grant project or main street Iowa challenge grant project within a designated district. A borrower does not need to receive a grant to be eligible for a loan guarantee under the program, but a borrower and proposed project must meet all eligibility criteria for either the community catalyst building remediation grant or main street Iowa challenge grant.

36.3(2) The loan finances a rehabilitation project, or finances acquisition or refinancing costs associated with the project.

36.3(3) At least 25 percent of the project costs are used for construction on the project or renovation.

36.3(4) The project includes a housing component.

36.3(5) The loan is used for construction of the project, permanent financing of the project, or both.

36.3(6) A federally insured financial lending institution issued the loan.

36.3(7) The loan does not reimburse the borrower for working capital, operations, or similar expenses.

36.3(8) The project meets downtown resource center and main street Iowa design review criteria.
[**ARC 6134C**, IAB 1/12/22, effective 12/17/21]

261—36.4(15) Application submittal and review process.

36.4(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, the borrower and lender shall submit an application to the authority in the manner prescribed by the authority. 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.

36.4(2) Each application shall include, at a minimum, the following: name(s) and address(es) of the borrower and participating lender, amount of loan, amount of loan guarantee requested, and certification of compliance with state law and lending practices.

36.4(3) The authority may refuse to accept incomplete applications.

36.4(4) The authority may refuse to accept applications because of insufficient funds.

36.4(5) Authority staff, in conjunction with Iowa finance authority staff, will review applications and make a recommendation as to whether an application should be approved and the guarantee percentage. The director may approve, deny, or defer an application.

36.4(6) The authority reserves the right to deny a loan guarantee for unreasonable bank loan fees or interest rates.

[**ARC 6134C**, IAB 1/12/22, effective 12/17/21]

261—36.5(15) Loan guarantee limitations.

36.5(1) For a loan amount less than or equal to $500,000, the authority may guarantee up to 50 percent of the loan amount. For a loan amount greater than $500,000, the authority may provide a maximum loan guarantee of up to $250,000.

36.5(2) A project loan must be secured by a mortgage against the project property.

36.5(3) The authority may guarantee loans for up to five years. The authority may extend the loan guarantee for an additional five years if an underwriting review finds that an extension would be beneficial. Extensions are subject to approval by the director.

36.5(4) The loan must not be insured or guaranteed by another local, state, or federal guarantee program.

36.5(5) The loan guarantee is not transferable if the loan or the project is sold or transferred.

36.5(6) In the event of a loss due to default, the loan guarantee proportionally pays the guarantee percentage of the loss to the lender as established in the agreement executed pursuant to rule 261—36.7(15).

[**ARC 6134C**, IAB 1/12/22, effective 12/17/21]

261—36.6(15) Annual fee. The lender shall pay an annual loan guarantee fee not to exceed 2 percent of the loan amount for the duration of the loan guarantee. The fee applicable to each approved loan guarantee will be established by the program agreement executed pursuant to rule 261—36.7(15).

[**ARC 6134C**, IAB 1/12/22, effective 12/17/21]

261—36.7(15) Agreement. Upon approval of an award, authority staff shall prepare an agreement between the authority, the lender, and the borrower. The agreement, at a minimum, shall include the conditions of the award, including the applicable annual fee to be paid by the lender pursuant to rule 261—36.6(15), the responsibilities of each party, and the potential actions in instances of noncompliance.

[**ARC 6134C**, IAB 1/12/22, effective 12/17/21]

261—36.8(15) Reporting. The borrower and lender 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.

[**ARC 6134C**, IAB 1/12/22, effective 12/17/21]

These rules are intended to implement Iowa Code section 15.431.

[Filed Emergency After Notice ARC 6134C (Notice ARC 5984C, IAB 10/20/21), IAB 1/12/22, effective 12/17/21]

CHAPTER 37
CITY DEVELOPMENT BOARD

[Prior to 1/14/87; Planning and Programming(630), ch 7]

Rescinded **ARC 7056C**, IAB 8/9/23, effective 9/13/23

CHAPTER 38
REGIONAL SPORTS AUTHORITY DISTRICTS

Chapter rescission date pursuant to Iowa Code section 17A.7: 7/2/30

261—38.1(15E) Definitions. For the purposes of this chapter, unless the context otherwise requires, the following definitions apply:

"Actively promote" or *"active promotion"* means to regularly undertake specific, identifiable actions that encourage greater participation in an activity or that make an activity more visible and accessible. Active promotion includes planning, organizing, advertising, marketing, managing, hosting, and sponsoring a nonprofessional sporting event.

"Applicant" means a CVB that has submitted an application to the authority for certification of a proposed district. "Applicant" may include more than one CVB and one or more communities located within the proposed district.

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

"Board" means a regional sports authority district governing board consisting of members of the local community or communities served by an applicant.

"Convention and visitors bureau" or *"CVB"* means an organization engaged primarily in the marketing and promotion of a local community or communities to businesses and to leisure travelers interested in the area's facilities. Such organizations are typically engaged in a wide range of activities, including but not limited to assisting businesses and leisure travelers in identifying meeting locations and convention sites; providing maps and other travel information; providing information on local attractions, lodging, and restaurants; and organizing tours of local historical, recreational, and cultural attractions.

"District" means the same as defined in Iowa Code section 15E.321.

"Nonprofessional" means an activity typically engaged in by amateurs and primarily for pleasure rather than for pecuniary benefit or other reasons indicating a professional interest in the activity.

"Program" means the regional sports authority district program authorized under Iowa Code section 15E.321 and the rules in this chapter.

"Sporting event" means an athletic activity requiring skill or physical prowess, usually competitive in nature and governed by a set of rules provided by a nationally recognized sanctioning body or by a local organization engaged in the development and active promotion of the athletic activity. A sporting event typically includes the placing of competitors into a fixed order of finish, depending on their respective athletic performance within the rules provided for that activity. For the purposes of this chapter, "sporting event" includes but is not limited to youth sports, high school athletic activities, the Special Olympics, and other nonprofessional athletic activities.

[**ARC 9302C**, IAB 5/28/25, effective 7/2/25]

261—38.2(15E) Program eligibility and application.

38.2(1) *Eligibility.* To be eligible under the program, an applicant shall meet all of the following requirements:

a. The applicant shall propose to operate a regional sports authority district that is governed by a board that meets the requirements of Iowa Code section 15E.321(5).

b. The applicant shall propose a program of activities designed to foster the active promotion of one or more nonprofessional sporting events in the district during the fiscal year for which the applicant is applying for funding. Such program shall be overseen by the board as required by paragraph 38.2(1)*"a."*

c. The applicant shall demonstrate an amount of local match equal to at least 50 percent of the amount of grant funds to be received by the applicant under the program. The local match shall be in the form of cash.

d. The applicant shall submit a completed application including all of the information described in subrule 38.2(2) by the deadline established by the authority on its website.

38.2(2) *Application.* 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.

b. A detailed description of the nonprofessional sporting events the applicant intends to actively promote using funds received under the program.

c. The date each proposed nonprofessional sporting event will be held and the location at which the event will be held.

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

e. Names and contact information of the board and an indication as to which of the board members are city council members as required by Iowa Code section 15E.321(5).

f. Detailed information and projections sufficient to enable the authority to accurately assess the economic impact of the nonprofessional sporting events described in the application. Such information shall include the estimated number of participants and the estimated number of spectators expected to attend the event. If the applicant has previously held substantially similar events, the information shall include actual attendance figures from past events.

g. Any additional information requested by the authority.

[**ARC 9302C**, IAB 5/28/25, effective 7/2/25]

261—38.3(15E) Application scoring and certification of districts.

38.3(1) *Scoring process and criteria.* Applications that meet the requirements in rule 261—38.2(15E) 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 that the applicant will receive funding under the program. The authority will certify districts in a manner designed to prioritize those events that provide the greatest total benefit to the state as a whole. The criteria used to score the applications are as follows:

a. Economic impact: The authority will consider the amount of economic impact represented by the proposed nonprofessional sporting events and will view favorably events that have a greater economic impact. Economic impact will be determined by estimating the number of hotel room nights generated by each proposed nonprofessional sporting event and multiplying the number of estimated hotel room nights by the average daily room rate for Iowa hotels. The average daily room rate will be provided by the authority based on information obtained from a hotel market data service. Intentionally inflated estimates of attendance or a history of providing inaccurate estimates will negatively affect the scoring of an application.

b. Leveraged funds ratio: The authority will consider the proportion of state funds to total funds in the application and will view favorably a greater rate of financial participation from entities other than the state of Iowa.

c. Novelty and quality: The authority will consider the novelty and quality of an event and will view favorably nonprofessional sporting events that are new to Iowa or that have been recently improved, enhanced, or enlarged.

d. Event size and scope: The authority will consider the size of an event and will view favorably a project with a larger total budget.

e. Need: The authority will consider the financial need of an applicant and will recognize the importance of funding events that would not take place without assistance under the program. The authority will also recognize the importance of funding nonprofessional sporting events that have never before been funded under the program or under another state program.

f. Geographic diversity: The authority will consider the geographic diversity represented by the pool of applicants.

38.3(2) *Certification process.*

a. Applications and scores will be referred to the director with a recommendation as to whether to approve certification and funding. The director will make the final decision on each application, taking into consideration the amount of available funding, scores, and recommendations. The director may approve, deny, or defer any application.

b. The authority will certify not more than ten districts each fiscal year in which funding is available for the program. The authority may certify fewer than ten districts in a fiscal year if fewer than ten

completed applications are timely received or if fewer than ten completed applications meet the minimum threshold for certification established for that fiscal year. The authority will award grant funds to each of the certified districts in equal amounts. A district certified in one fiscal year retains its certification only for the duration of that fiscal year and must reapply for certification in each subsequent fiscal year.

38.3(3) *Reallocation of award amounts.* If a certified district fails to hold a nonprofessional sporting event described in the application, then that district may request a contract amendment pursuant to subrule 38.4(3) to reallocate the proposed expenses allocated for that event to another event included on the application. If there are no other events included on the application to which the proposed expenses may be allocated or the failure to hold a nonprofessional sporting event materially changes the application's overall quality in relation to other applications, then the district shall forfeit the amount of proposed expenses to be reimbursed and the authority may award that amount to other applicants or districts.

[**ARC 9302C**, IAB 5/28/25, effective 7/2/25]

261—38.4(15E) Contract administration.

38.4(1) *Notice of approval.* The authority will notify successful applicants in writing of approved requests for certification. Such a notification may include the terms or conditions under which approval is granted.

38.4(2) *Contract required.* Each successful applicant shall enter into a contract with the authority. The contract will describe the nonprofessional sporting events that the applicant will actively promote as part of the certified district. The contract will also include the terms and conditions under which the grant funds will be disbursed and under which the grant funds must be repaid or penalties incurred in the event the district does not fulfill all obligations under the contract.

38.4(3) *Contract amendments.* All requests by a district 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 district and the authority 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.

38.4(4) *Reports required.* Each certified district shall submit a written report to the authority within 90 days of the end of the performance period specified in the contract.

38.4(5) *Recordkeeping.* Each certified district shall maintain all records necessary for the verification and validation of the proper use of grant funds under the contract and shall submit such records to the authority upon request.

[**ARC 9302C**, IAB 5/28/25, effective 7/2/25]

261—38.5(15E) Expenses, records, and reimbursements.

38.5(1) *Eligible expenses.* Only expenditures directly related to the active promotion of a nonprofessional sporting event will be reimbursed under the program. Items that will be considered eligible expenses include but are not limited to bid fees, rights fees, sponsorships, payments to vendors, advertising, marketing, venue rental, equipment rental, promotional materials, production costs, and fees and costs for officiants.

38.5(2) *Ineligible expenses.* Expenses that are not directly related to the active promotion of a nonprofessional sporting event are not eligible for reimbursement. Ineligible expenses include but are not limited to travel costs of applicant staff, solicitation efforts, lobbying fees, meals or dining on occasions other than the dates of the nonprofessional sporting events described in the application, items that are purchased for resale, prizes given to participants, and alcoholic beverages.

38.5(3) *Required records and reimbursements.* A district shall submit any records requested by the authority as documentation of the expenditures incurred for purposes of the grant funds awarded under the program. Such records may include invoices, original itemized receipts, check copies, or other proof of payment. The authority will only accept records submitted in the name of the district that has executed a contract. The authority will not reimburse any expenses included on a receipt that includes both eligible expenses and ineligible expenses.

38.5(4) *Repayments of certain funds.* If the authority reimburses a district for the cost of a refundable bid fee and the applicant is unsuccessful in the effort to win the right to hold that event, then the district shall return the amount of such reimbursement to the authority.

38.5(5) *Reallocation of funds.* If, at the time of a district's final reporting of expenses, the district cannot adequately document eligible expenses or documents an amount that is less than the awarded amount, the authority may award additional funds to other certified districts. If the authority awards additional funds to already certified districts, such districts shall submit documentation establishing how such funds will be expended and the authority will execute contract amendments providing for the expenditure of the additional funds.

[**ARC 9302C**, IAB 5/28/25, effective 7/2/25]

These rules are intended to implement Iowa Code section 15E.321.

[Filed 9/20/07, Notice 8/15/07—published 10/10/07, effective 11/14/07]

[Filed 9/18/08, Notice 7/16/08—published 10/8/08, effective 11/12/08]

[Filed ARC 0440C (Notice ARC 0280C, IAB 8/22/12), IAB 11/14/12, effective 12/19/12]

[Filed ARC 4509C (Notice ARC 4354C, IAB 3/27/19), IAB 6/19/19, effective 7/24/19]

[Filed ARC 9302C (Notice ARC 8926C, IAB 2/19/25), IAB 5/28/25, effective 7/2/25]

CHAPTER 39
MAIN STREET IOWA PROGRAM

[Prior to 1/14/87, Iowa Development Commission[520] Ch 9]

Chapter rescission date pursuant to Iowa Code section 17A.7: 1/1/28

261—39.1(15) Purpose. The purpose of the main street Iowa program is to stimulate economic development within the context of historic preservation and to establish a strong public/private partnership to revitalize traditional commercial districts in Iowa communities. The main street Iowa program emphasizes community self-reliance and the traditional assets of personal service, local ownership and unique architecture historically prevalent in traditional commercial districts. The main street Iowa program is based on four strategies which, when applied together, create a positive image and an improved economy in these districts. The strategies are organization, promotion, design and economic vitality.

Communities selected for participation in this program will receive technical assistance from the authority's main street Iowa staff, professional staff of the National Main Street Center, and other professional consultants and may have professional services of other state agencies to draw upon in order to facilitate the communities' local main street programs.

[**ARC 9455B**, IAB 4/6/11, effective 5/11/11; **ARC 2748C**, IAB 10/12/16, effective 11/16/16]

261—39.2(15) Definitions. The following definitions will apply to the main street Iowa program unless the context otherwise requires:

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

"Director" means the director of the economic development authority.

"Eligible activity" includes organization, promotion, design and economic vitality activities to create a positive image and an improved economy in a city's traditional commercial district.

"Eligible applicant" means a city in Iowa that files a joint application with a local nonprofit organization established by the community to govern the local main street program.

"National Main Street Center" means a nonprofit subsidiary of the National Trust for Historic Preservation, a nonprofit organization chartered by the United States Congress. The National Main Street Center owns the licensed, trademarked Main Street Four-Point Approach®.

"Program" means the main street Iowa program established in this chapter.

"Traditional commercial district" means a downtown or neighborhood area that is walkable and is dominated by historic or older commercial architecture and contiguous commercial uses. A traditional commercial district defines the target area of the local program efforts.

[**ARC 9455B**, IAB 4/6/11, effective 5/11/11; **ARC 2748C**, IAB 10/12/16, effective 11/16/16]

261—39.3(15) Program administration.

39.3(1) *Administering agency.* The program is administered by the economic development authority.

39.3(2) *Subcontracting.* The authority may contract with the National Main Street Center for technical and professional services as well as with other appropriate consultants and organizations.

39.3(3) *Applications.* The authority, upon availability of funds, will distribute applications. The application will describe the program, outline eligibility requirements, and describe the application process.

39.3(4) *Program agreement.* Each selected community shall enter into a standard program agreement with the authority. The program agreement will describe the obligations of the authority and the community.

39.3(5) *Advisory council.* The director may appoint a state main street advisory council(s) composed of individuals knowledgeable in traditional commercial district revitalization to advise the director on the various elements of the program.

[**ARC 9455B**, IAB 4/6/11, effective 5/11/11; **ARC 2748C**, IAB 10/12/16, effective 11/16/16]

261—39.4(15) Eligible applicants. Rescinded **ARC 2748C**, IAB 10/12/16, effective 11/16/16.

261—39.5(75GA,ch1201) Funding. Rescinded IAB 4/6/11, effective 5/11/11.

261—39.6(15) Application and selection process.

39.6(1) The authority will conduct application workshops around the state. Cities that wish to apply for selection as a main street community must attend one application workshop in order to receive an application form. The authority will send standard application forms to workshop attendees. A completed application shall be returned to the authority, be postmarked no later than the date specified by the authority in the application, and contain the information requested in the application.

39.6(2) The director will determine, contingent upon the availability of state funding, the number of cities to be selected for inclusion in the program.

39.6(3) Cities will be selected for participation in the program on a competitive basis as described in these rules.

39.6(4) Upon selection of the communities, the authority will notify selected communities in writing.

[**ARC 9455B**, IAB 4/6/11, effective 5/11/11; **ARC 2748C**, IAB 10/12/16, effective 11/16/16]

261—39.7(15) Selection criteria. The following factors shall be considered in the selection of a city for participation in the program:

39.7(1) The applicant has a well-planned budget demonstrating sustainable funding for ongoing operations and evidence of adequate local sources of funding to support the traditional commercial district revitalization organization and its programming.

39.7(2) The applicant has garnered broad-based financial and philosophical community support for the local program including support from the city.

39.7(3) The applicant has provided evidence of willingness by local stakeholders to get involved in the effort.

39.7(4) The applicant has demonstrated its commitment to the main street approach and has hired or will be hiring an executive director to manage the local program.

39.7(5) The applicant is committed to historic preservation and preservation-based economic development and has demonstrated its commitment by a track record of preservation planning and a commitment to future preservation projects.

39.7(6) The applicant has provided evidence of traditional commercial district planning efforts and clearly defined goals for the future.

39.7(7) The applicant has defined an organizational structure to manage local program efforts.

39.7(8) The applicant demonstrates an eagerness to learn and implement traditional commercial district revitalization strategies and techniques.

39.7(9) The applicant has clearly defined the boundaries of the proposed traditional commercial district and has articulated the reasons behind the location of the boundaries.

39.7(10) The applicant has identified a traditional commercial district that has clear potential for success, as demonstrated by the presence of the following elements:

a. Existence of historic character of the traditional commercial district.

b. Plans for the traditional commercial district demonstrate a recognition of traditional commercial district trends and address the challenges unique to that district.

c. Present market capacity defined by a current business environment upon which the district can build its revitalization efforts.

d. Present physical capacity defined by building stock and built environment upon which the district can build its revitalization efforts.

[**ARC 9455B**, IAB 4/6/11, effective 5/11/11; **ARC 2748C**, IAB 10/12/16, effective 11/16/16]

261—39.8(75GA,ch1201) Financial management. Rescinded IAB 4/6/11, effective 5/11/11.

261—39.9(15) Reports. Participating main street communities shall submit performance reports to the authority as required. The reports shall document the progress of the program activities.

[**ARC 9455B**, IAB 4/6/11, effective 5/11/11; **ARC 2748C**, IAB 10/12/16, effective 11/16/16]

261—39.10(15) Noncompliance. If the authority finds that a participating main street community is not in compliance with the requirements under this program or the terms of the program agreement, the authority shall terminate the program agreement.

[**ARC 9455B**, IAB 4/6/11, effective 5/11/11; **ARC 2748C**, IAB 10/12/16, effective 11/16/16]

261—39.11(15) Forms. The following forms will be used by the administering agency for the main street program.

1. Application form for the Iowa main street program (Form 1).
2. Performance reports for monitoring the performance of each grantee (Form 2).

[**ARC 9455B**, IAB 4/6/11, effective 5/11/11]

These rules are intended to implement Iowa Code section 15.108.

[Filed emergency 12/13/85—published 1/1/86, effective 12/13/85]
[Filed 4/30/86, Notice 1/1/86—published 5/21/86, effective 6/25/86]
[Filed emergency 12/19/86—published 1/14/87, effective 12/19/86]
[Filed 10/27/89, Notice 9/6/89—published 11/15/89, effective 12/20/89][1]
[Filed 11/20/90, Notice 8/8/90—published 12/12/90, effective 1/16/91]
[Filed 12/16/94, Notice 11/9/94—published 1/4/95, effective 2/22/95]
[Filed ARC 9455B (Notice ARC 9336B, IAB 1/12/11), IAB 4/6/11, effective 5/11/11]
[Filed ARC 2748C (Notice ARC 2653C, IAB 8/3/16), IAB 10/12/16, effective 11/16/16]

[1] History transferred from 261—Chapter 42 IAC 1/4/95.

CHAPTER 40
IOWA JOBS MAIN STREET PROGRAM

Rescinded **ARC 7056C**, IAB 8/9/23, effective 9/13/23

CHAPTER 41
COMMUNITY DEVELOPMENT FUND

Rescinded **ARC 7056C**, IAB 8/9/23, effective 9/13/23

CHAPTER 42
IOWA TOURISM GRANT PROGRAM

Chapter rescission date pursuant to Iowa Code section 17A.7: 7/2/30

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.

[**ARC 9303C**, IAB 5/28/25, effective 7/2/25]

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 project will be deemed ineligible and the application will not be reviewed or scored. Whether a project is substantially similar will be determined by the authority.

[**ARC 9303C**, IAB 5/28/25, effective 7/2/25]

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.

[**ARC 9303C**, IAB 5/28/25, effective 7/2/25]

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.

[**ARC 9303C**, IAB 5/28/25, effective 7/2/25]

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.

[**ARC 9303C**, IAB 5/28/25, effective 7/2/25]

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.

[**ARC 9303C**, IAB 5/28/25, effective 7/2/25]

These rules are intended to implement Iowa Code section 15.108.

[Filed Emergency After Notice ARC 1493C (Notice ARC 1380C, IAB 3/19/14), IAB 6/11/14, effective 5/19/14]

[Filed ARC 3023C (Notice ARC 2893C, IAB 1/18/17), IAB 4/12/17, effective 5/17/17]

[Filed ARC 6319C (Notice ARC 6202C, IAB 2/23/22), IAB 5/18/22, effective 6/22/22]

[Filed ARC 9303C (Notice ARC 8930C, IAB 2/19/25), IAB 5/28/25, effective 7/2/25]

CHAPTER 43
HOOVER PRESIDENTIAL LIBRARY TAX CREDIT

Rescinded **ARC 9998C**, IAB 1/21/26, effective 2/25/26

CHAPTER 44
COG ASSISTANCE

Rescinded **ARC 9998C**, IAB 1/21/26, effective 2/25/26

CHAPTER 45
COMMUNITY CATALYST BUILDING REMEDIATION PROGRAM

Chapter rescission date pursuant to Iowa Code section 17A.7: 1/1/28

261—45.1(15) Purpose. Pursuant to Iowa Code sections 15.231 and 15.106A, the authority is directed to establish a community catalyst building remediation program fund for the purpose of providing grants to cities for the remediation or redevelopment of underutilized buildings. The authority shall administer the fund in a manner to make grant moneys annually available to cities for the purposes of this chapter.
[**ARC 3384C**, IAB 10/11/17, effective 11/15/17]

261—45.2(15) Definitions. For purposes of this chapter, unless the context otherwise requires:

"Agreement" means a contract for financial assistance under the program describing the terms on which the financial assistance is to be provided.

"Applicant" means a city applying for financial assistance under the program.

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

"Building" means a structure located in a city that is either:

1. Used or intended to be used for commercial or industrial purposes; or
2. Used or intended to be used for residential purposes.

"Building" includes structures in which some floors may be used for retail stores, shops, salesrooms, markets, or similar commercial uses, or for offices, banks, civic administration activities, professional services, or similar business or civic uses, and other floors are used, designed, or intended to be used for residential purposes.

"Community catalyst" means a building or buildings which, if remediated, would stimulate additional economic growth or reinvestment in the community, especially private sector financial investment. For purposes of this chapter, "economic growth" may include the creation of additional jobs, growth of new or existing businesses, development of new housing units, increased property values, or potential population growth. The building will be located in an area central to the city's economic development activities. A community catalyst project will be expected to have a significant positive expected impact on the community.

"Costs directly related" means expenditures that are incurred for acquisition, deconstruction, disposal, redevelopment, or rehabilitation of a community catalyst to the extent that the expenditures are attributable directly to the remediation or redevelopment of the community catalyst. "Costs directly related" includes expenditures for site preparation work, surveying, construction materials, construction labor, architectural services, engineering services, building permits, building inspection fees, and interest accrued on a construction loan during the time period allowed for project completion under an agreement entered into pursuant to the program. "Costs directly related" does not include expenditures for furnishings, appliances, accounting services, legal services, loan origination and other financing costs, syndication fees and related costs, developer fees, or the costs associated with selling or renting the dwelling units whether incurred before or after completion of the housing project.

"Director" means the director of the authority.

"Financial assistance" means a grant or loan made by the authority to an applicant approved for funding under the program.

"Program" means the procedures, agreement, terms, and assistance established and provided pursuant to this chapter.

"Project" means a proposed plan for the remediation of underutilized buildings in a city. "Project" must include at least one building but no more than two buildings. For two buildings to be considered part of the same project, the buildings must be contiguous and under the same ownership. All community catalyst buildings to be remediated must be included in the proposed plan upon application, and the proposed plan must demonstrate the steps and actions necessary to further remediation and redevelopment efforts in a comprehensive and coordinated manner.

"Public nuisance" means a building that is a menace to the public health, welfare, or safety, or that is structurally unsafe, unsanitary, or not provided with adequate safe egress, or that constitutes a fire hazard,

or is otherwise dangerous to human life, or that in relation to the existing use constitutes a hazard to the public health, welfare, or safety by reason of inadequate maintenance, dilapidation, obsolescence, or abandonment. "Public nuisance" includes buildings with blighting characteristics as defined by Iowa Code section 403.2.

"Redevelopment" means development activities associated with a project that are undertaken either for the purpose of remediating underutilized buildings, for constructing new buildings or improvements at a site where formerly existing buildings have been demolished, or for rehabilitating, reusing or repurposing existing buildings or improvements at a project site. "Redevelopment" typically includes projects that result in the elimination of blighting characteristics as defined by Iowa Code section 403.2.

"Remediation" or *"remediating"* means the redevelopment, repair, improvement, rehabilitation, disposal, or deconstruction of at least one but no more than two underutilized buildings at a site included in a project.

"Underutilized building" means a building that is vacant or mostly vacant, is blighted or severely deteriorated, and contains potential safety hazards including structural instability, code noncompliance, vermin infestation, vandalism or potential for vandalism, vagrancy, hazardous materials or generally unsafe or hazardous conditions. The building may or may not be considered a public nuisance.

[**ARC 3384C**, IAB 10/11/17, effective 11/15/17]

261—45.3(15) Program description.

45.3(1) *Amount, form, and timing of assistance.*

a. The program provides financial assistance to cities for the redevelopment or remediation of underutilized buildings. The amount of assistance awarded will be determined by the authority based on the total amount of funds available to the authority for the program and based on the project details. Each applicant shall receive no more than one grant per project per fiscal year. The maximum grant amount per applicant per fiscal year shall not exceed $100,000. If an applicant received a technical assistance grant under paragraph 45.3(2)*"b,"* the amount of the financial assistance for redevelopment or remediation plus the amount of the technical assistance grant shall not exceed the maximum grant amount of $100,000.

b. In providing grants under this chapter, the authority shall allocate 40 percent of the moneys available at the beginning of each fiscal year to funding grants to cities with populations of less than 1,500 as shown by the most recent federal census. If at the end of each application period the amount of grants awarded to cities with a population of less than 1,500 is less than the amount allocated to such grants under this rule, the balance may be awarded to any approved applicant, regardless of city population.

45.3(2) *Application.*

a. *Forms.* All applications and other filings related to the program shall be on such forms and in accordance with such instructions as may be established by the authority. Information about the program, the application, and application instructions may be obtained by contacting the authority or by visiting the authority's Web site:

Iowa Economic Development Authority
Community Development Division
200 East Grand Avenue, Des Moines, Iowa 50309
(515)725-3000
http://iowaeconomicdevelopment.com/

b. *Preapplication.* An application may not be submitted to the authority until a preapplication has been submitted to the authority and the authority has approved submission of the application. A preapplication may be submitted to the authority at any time. Following the receipt of a preapplication, the authority may offer technical assistance, including technical assistance grants up to $5,000 per applicant per fiscal year. The purpose of such technical assistance and technical assistance grants shall be to ensure a complete application that is sufficiently detailed to enable the authority to make a determination. The authority reserves the right to deny an application if the applicant's preapplication was submitted less than 30 days before the announced application period.

c. *Application period.* Each fiscal year during which funding is available, applications for financial assistance other than applications for emergency projects submitted pursuant to paragraph 45.3(2)*"e"* will only be accepted during the established application period, or periods, as identified by the authority on its

Web site. The authority will accept applications year-round for emergency projects submitted pursuant to paragraph 45.3(2)*"e."*

d. Complete application required. An application shall not be considered submitted for review until the application is completed and all required supporting documentation and information are provided.

e. Emergency project applications. Cities that identify projects which present a unique and immediate threat or opportunity may submit an application for funding at any time. For purposes of this subrule, a "unique or immediate threat" includes unforeseen challenges or problems that could result in catastrophic failure of a building's structural system and overall integrity. A threat includes various acts of nature, such as flood, fire, or storm damage, or sudden and unexpected structural failures, such as partial wall collapse. Deferred maintenance will not be considered an immediate threat. For purposes of this subrule, a "unique or immediate opportunity" means a time-sensitive remediation project that is reasonably expected to result in economic growth. All applications for financial assistance for projects submitted under this subrule must meet all other requirements of this program and shall be scored using the same criteria as the criteria that are applied to applications for financial assistance for projects submitted during the regular application period.

45.3(3) *Approval of assistance.* The authority will review, score, and recommend applications for financial assistance under the program to the director. Authority staff will review applications for financial assistance and score the applications in accordance with subrule 45.4(2). A project that does not receive funding may reapply.

45.3(4) *Agreement required.* The authority shall enter into an agreement with each applicant for the receipt of a grant under this chapter. The agreement must state the terms on which the financial assistance is to be provided. For an applicant to receive grant moneys under this chapter, the agreement must require the applicant to provide resources, including financial or in-kind resources, to the remediation project. The authority may negotiate the terms of the agreement. The applicant shall execute the agreement before funds are disbursed under the program.

45.3(5) *Form of financial assistance.* The authority will provide financial assistance in the form of a grant to the applicant. The amount of the grant and any other terms shall be included in the agreement required pursuant to this chapter.

45.3(6) *Use of funds.*

a. An applicant shall use funds only for reimbursement of the costs directly related to the project. The authority may require documentation or other information establishing the actual costs incurred for a project. Failure to use the funds for reimbursement of the costs directly related to a project shall be grounds for default under the agreement required pursuant to this chapter.

b. The authority shall coordinate with the applicant to develop a plan for the use of grant moneys that is consistent with the community development, housing, and economic development goals of the city. The terms of the agreement executed pursuant to these rules and the use of grants provided under this program shall be consistent with the plan developed.

[**ARC 3384C**, IAB 10/11/17, effective 11/15/17]

261—45.4(15) Program eligibility, application scoring, and funding decisions.

45.4(1) *Program eligibility.* An applicant must meet the following eligibility criteria to qualify for financial assistance under this program:

a. The applicant must be a city. If the project building or buildings are owned by an entity other than the city, the city must provide information to the authority regarding ownership and the relationship between the owner and the city.

b. The building or buildings that constitute the project must meet the definition of "underutilized building" as determined by the authority.

c. The building or buildings that constitute the project must meet the definition of "community catalyst." The authority shall determine whether the building or buildings meet the definition of "community catalyst" set out in rule 261—45.2(15).

d. The project must include financial or in-kind resources contributed by the city.

e. The applicant must complete the application and provide all other information and documents reasonably required by the authority.

45.4(2) *Application scoring criteria.* All completed applications will be reviewed and scored. In order for an applicant to be considered for funding, the application must meet or exceed a minimum score established by the authority. Each application will be scored using criteria set forth by the authority, which may include the following:

a. Economic impact of remediation project. The authority will take into account the potential economic growth and investment that is reasonably expected to occur as a result of the project. The applicant must provide information demonstrating that the expected economic impact of the project is reasonable based on existing factors.

b. Local government support. The level and amount of local government support, including financial support, will be considered for each applicant.

c. Readiness. The authority will assess whether the project is well-prepared and ready to begin within a reasonable amount of time.

d. Project plan and time line. The authority will assess whether the applicant has prepared a detailed project plan and time line for the execution of the project.

e. Project financing. The authority will assess whether the applicant has secured financing and is financially prepared to complete the project.

45.4(3) *Funding decisions.* Funding decisions will be made using the following process:

a. Staff review. Each application will be reviewed and scored by staff using the eligibility and scoring criteria under this rule. The scores assigned by all participating staff will be added together and divided by the number of participating staff to determine an average numerical score. The application and the average numerical score will be referred to the director with a recommendation as to whether to fund the project and, if funding is recommended, a recommendation as to the amount of the grant.

b. Director's decision. The director will make the final funding decision on each application, taking into consideration the amount of available funding, the average numerical score of the application, and the recommendations made by community development division staff. The director may approve, deny, or defer funding for any application.

c. Minimum score required. In order to receive financial assistance under this program, the application must receive an average minimum score established by the authority. A score exceeding the minimum does not guarantee that the applicant will receive funding.

d. Notification. Each applicant will be notified in writing of the funding decision within 60 days of receipt by the authority of a complete application unless extenuating circumstances exist.

[**ARC 3384C**, IAB 10/11/17, effective 11/15/17]

261—45.5(15) Agreement required.

45.5(1) Each applicant that is approved for financial assistance under the program shall enter into an agreement with the authority for the provision of such financial assistance. The agreement will establish the terms on which the financial assistance is to be provided and may include any other terms reasonably necessary for the efficient administration of the program.

45.5(2) The authority and the applicant may amend the agreement at any time upon the mutual agreement of both the authority and the applicant.

45.5(3) The agreement may require an applicant that has been approved for financial assistance under the program to submit information reasonably required by the authority to make reports to the authority's board, the governor's office, or the general assembly.

[**ARC 3384C**, IAB 10/11/17, effective 11/15/17]

These rules are intended to implement Iowa Code section 15.231.

[Filed ARC 3384C (Notice ARC 3256C, IAB 8/16/17), IAB 10/11/17, effective 11/15/17]

CHAPTER 46
ENDOW IOWA GRANTS PROGRAM

Rescinded **ARC 7056C**, IAB 8/9/23, effective 9/13/23

CHAPTER 47
ENDOW IOWA TAX CREDITS

Chapter rescission date pursuant to Iowa Code section 17A.7: 1/1/28

261—47.1(15E) Purpose. The purpose of endow Iowa tax credits is to encourage individuals, businesses, and organizations to invest in community foundations and to enhance the quality of life for citizens of this state through increased philanthropic activity.

[**ARC 8474B**, IAB 1/13/10, effective 2/17/10; **ARC 0008C**, IAB 2/8/12, effective 3/14/12]

261—47.2(15E) Definitions.

"Authority" means the economic development authority.

"Community affiliate organization" means a group of five or more community leaders or advocates organized for the purpose of increasing philanthropic activity in an identified community or geographic area in the state with the intention of establishing a community affiliate endowment fund.

"Endow Iowa qualified community foundation" means a community foundation organized or operating in this state that substantially complies with the national standards for U.S. community foundations established by the National Council on Foundations as determined by the authority in collaboration with the Iowa Council of Foundations.

"Endowment gift" means an irrevocable contribution to a permanent endowment held by an endow Iowa qualified community foundation.

"Permanent endowment fund" means a fund held in an endow Iowa qualifying community foundation to provide benefit to charitable causes in the state of Iowa. Endowed funds are intended to exist in perpetuity, and to implement an annual spend rate not to exceed 5 percent.

"Tax credit" means the amount a taxpayer may claim against the taxes imposed in Iowa Code chapter 422, subchapters II, III, and V, and in Iowa Code chapter 432, and against the moneys and credits tax imposed in Iowa Code section 533.329.

[**ARC 8474B**, IAB 1/13/10, effective 2/17/10; **ARC 0008C**, IAB 2/8/12, effective 3/14/12; **ARC 6793C**, IAB 1/11/23, effective 2/15/23]

261—47.3(15E) Authorization of tax credits to taxpayers. The authority shall authorize tax credits to qualified taxpayers who provide an endowment gift to an endow Iowa qualified community foundation or a community affiliate organization affiliated with an endow Iowa qualified community foundation for a permanent endowment fund within the state of Iowa in accordance with the following provisions:

47.3(1) Approved tax credits shall be allowed against taxes imposed in Iowa Code chapter 422, subchapters II, III, and V, and in Iowa Code chapter 432, and against the moneys and credits tax imposed in Iowa Code section 533.329.

47.3(2) Tax credits will be equal to 25 percent of a taxpayer's gift to a permanent endowment held in an endow Iowa qualified community foundation. The amount of the endowment gift for which the endow Iowa tax credit is claimed shall not be deductible in determining taxable income for state income tax purposes.

47.3(3) If the authority receives applications for tax credits in excess of the amount available, the applications shall be prioritized by the date the authority received the applications. Applications received on or before June 30, 2023, will be placed on a waitlist for a subsequent year's allocation of tax credits if the number of applications exceeds the amount of annual tax credits available. Applications placed on the waitlist shall first be funded in the order listed on the waitlist. Applications received on or after July 1, 2023, in excess of the amount of tax credits available will not be placed on the waitlist and will be denied by the authority. For endowment gifts made on or after June 30, 2023, a taxpayer shall submit an application to the authority for the tax credit no later than 12 months from the date of the donation which qualifies the taxpayer for the tax credit.

47.3(4) To receive the tax credit, a donor shall file a claim with the department of revenue in accordance with any applicable administrative rules adopted by the department.

[**ARC 8474B**, IAB 1/13/10, effective 2/17/10; **ARC 0008C**, IAB 2/8/12, effective 3/14/12; **ARC 0613C**, IAB 2/20/13, effective 3/27/13; **ARC 6793C**, IAB 1/11/23, effective 2/15/23; **ARC 7492C**, IAB 1/10/24, effective 2/14/24]

261—47.4(15E) Distribution process and review criteria. The authority shall develop and make available a standardized application pertaining to the allocation of endow Iowa tax credits.

47.4(1) Twenty-five percent of the annual amount available for tax credits shall be reserved for those permanent endowment gifts made to community affiliate organizations. If by September 1 of any year the entire 25 percent reserved for permanent endowment gifts corresponding to community affiliate organizations is not allocated, the amount remaining shall be available for other applicants.

47.4(2) Ten percent of the annual amount available for tax credits shall be reserved for those permanent endowment gifts totaling $30,000 or less. If by September 1 of any year the entire 10 percent reserved for permanent endowment gifts totaling $30,000 or less is not allocated, the amount remaining shall be available for other applicants.

47.4(3) Applications will be accepted and awarded on an ongoing basis. The authority will make public by June 1 and December 1 of each calendar year the total number of requests for tax credits and the total amount of requested tax credits that have been submitted and awarded.

[**ARC 8474B**, IAB 1/13/10, effective 2/17/10; **ARC 0008C**, IAB 2/8/12, effective 3/14/12]

261—47.5 Rescinded **ARC 6973C**, IAB 1/11/23, effective 2/15/23

[**ARC 8474B**, IAB 1/13/10, effective 2/17/10; **ARC 0008C**, IAB 2/8/12, effective 3/14/12]

These rules are intended to implement Iowa Code sections 15E.301 to 15E.303 and 15E.305 as amended by 2022 Iowa Acts, House File 2317.

[Filed 11/20/03, Notice 10/1/03—published 12/24/03, effective 1/28/04]
[Filed 10/21/05, Notice 8/3/05—published 11/9/05, effective 12/14/05]
[Filed ARC 8474B (Notice ARC 8228B, IAB 10/7/09), IAB 1/13/10, effective 2/17/10]
[Filed ARC 0008C (Notice ARC 9748B, IAB 9/7/11), IAB 2/8/12, effective 3/14/12]
[Filed ARC 0613C (Notice ARC 0344C, IAB 10/3/12), IAB 2/20/13, effective 3/27/13]
[Filed ARC 6793C (Notice ARC 6592C, IAB 10/19/22), IAB 1/11/23, effective 2/15/23]
[Filed ARC 7492C (Notice ARC 7106C, IAB 11/1/23), IAB 1/10/24, effective 2/14/24]

CHAPTER 48
WORKFORCE HOUSING TAX INCENTIVES PROGRAM

Chapter rescission date pursuant to Iowa Code section 17A.7: 4/22/31

261—48.1(15) Definitions. As used in this chapter unless the context otherwise requires:

"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.opportunityiowa.gov.

"Average dwelling unit cost" means the costs directly related to the housing project divided by the total number of dwelling units in the housing project.

"Board" means the same as defined in Iowa Code section 15.102.

"Costs directly related" means expenditures that are incurred for construction of a housing project to the extent that they are attributable directly to the improvement of the property or its structures. "Costs directly related" includes expenditures for site preparation work, surveying, construction materials, construction labor, architectural services, and engineering services. "Costs directly related" does not include expenditures for property acquisition, building permits, building inspection fees, furnishings, appliances, accounting services, legal services, loan origination and other financing costs including interest on construction loans, syndication fees and related costs, developer fees, or the costs associated with selling or renting the dwelling units whether incurred before or after completion of the housing project.

"Disaster recovery housing project" means the same as defined in Iowa Code section 15.354(6).

"Grayfield site" means the same as defined in Iowa Code section 15.352.

"Greenfield site" means the same as defined in Iowa Code section 15.352.

"Housing business" means the same as defined in Iowa Code section 15.352.

"Housing project" means the same as defined in Iowa Code section 15.352.

"New dwelling units" means dwelling units that are made available for occupancy in a community as a result of a housing project and that were not available for occupancy as residential housing in the community for a period of at least six months prior to the date on which application is made to the authority for tax incentives. If a dwelling unit has served as residential housing and been occupied during the six months preceding the date on which application is made to the authority for tax incentives, then the dwelling unit shall be presumed not to be a new dwelling unit.

"Program" means the workforce housing tax incentives program administered pursuant to Iowa Code chapter 15, subchapter II, part 17, and this chapter.

"Tax credit certificate" means a certificate issued by the authority stating the amount of workforce housing investment tax credits pursuant to Iowa Code section 15.355(3) that an eligible housing business may claim.

[**ARC 0130D**, IAB 3/18/26, effective 4/22/26]

261—48.2(15) Housing project requirements.

48.2(1) *Eligible project types.* To receive workforce housing tax incentives pursuant to the program, a proposed housing project shall meet all of the requirements in Iowa Code section 15.353.

a. For the purposes of identifying eligible project types pursuant to Iowa Code section 15.353, "rehabilitation, repair, or redevelopment" means construction or development activities associated with a housing project that are undertaken for the purpose of reusing or repurposing existing buildings or structures as new dwelling units. "Rehabilitation, repair, or redevelopment" does not include new construction of dwelling units at a greenfield site. "Rehabilitation, repair, or redevelopment" includes new structures at a qualified grayfield site.

b. For the purposes of identifying eligible project types pursuant to Iowa Code section 15.353, factors the authority may consider to determine whether a dwelling unit should be classified as a single family dwelling unit include but are not limited to the following:

(1) Whether the unit is separated from other units by a ground-to-roof wall;
(2) Whether the unit has a separate heating system;
(3) Whether the unit has an individual meter for public utilities; and
(4) Whether the unit has other units above or below.

c. A housing project is not eligible for the program if it is located in a 100-year floodplain.

48.2(2) *Maximum cost.* The average dwelling unit cost for a housing project shall not exceed the maximum amount established by the board pursuant to Iowa Code section 15.353(3)*"a"* or, if applicable, the maximum amount established pursuant to Iowa Code section 15.353(3)*"b."*

48.2(3) *Violations of law.* A housing project may be ineligible for the program due to a record of violations of the law pursuant to Iowa Code section 15.354(1)*"b"*(2).

[**ARC 0130D**, IAB 3/18/26, effective 4/22/26]

261—48.3(15) Housing project application and agreement.

48.3(1) *Application.* Information about applying for tax incentives will be available on the authority's website. A housing business shall apply for tax incentives in the form and content specified by the authority. The application will include all the information described in described in Iowa Code section 15.354(1).

48.3(2) *Application review and approval.*

a. All completed applications shall be reviewed and scored pursuant to Iowa Code section 15.354(2). Review criteria include but are not limited to project need, project readiness, financial capacity, and project impact.

b. The director will approve tax incentive awards after considering the recommendations of staff. The director may approve, defer or deny an application.

48.3(3) *Agreement and fees.*

a. A housing business that has been approved for tax incentives shall execute and return the agreement required by Iowa Code section 15.354(3) within 90 days of transmittal. Failure to do so may be cause for the director to terminate the award.

b. The compliance cost fees imposed in Iowa Code section 15.354(3)*"b"* shall apply to all agreements entered into for this program.

c. The agreement entered pursuant to Iowa Code section 15.354(3) may only be amended if done so in writing and signed by the housing business and the authority. Examples of situations requiring an amendment include but are not limited to time extensions, budget revisions, and significant alterations of the housing project.

d. Upon completion of a housing project, a housing business shall submit all of the information and documentation required by Iowa Code section 15.354(3)*"d"* to the authority along with a statement of all funding sources utilized for the project including government financing. The attestation applicable to the examination required by Iowa Code section 15.354(3)*"d"* is SSAE No. 10 (as amended by SSAE Nos. 11, 12, 14), AT section 101, and AT section 601 or other comparable attestations as identified by the authority. The procedures used by the certified public accountant (CPA) to conduct the examination should allow the CPA to conclude that, in the CPA's professional judgment, the expenditures claimed are eligible pursuant to the agreement; Iowa Code chapter 15, subchapter II, part 17; and all rules adopted pursuant to Iowa Code chapter 15, subchapter II, part 17, in all material respects. Within ten business days of a request by the authority, the housing business shall make available to the authority the documents reviewed by the CPA unless good cause is shown.

[**ARC 0130D**, IAB 3/18/26, effective 4/22/26]

261—48.4(15) Workforce housing tax incentives.

48.4(1) *Eligibility.* A housing business that has entered into an agreement pursuant to rule 261—48.3(15) is eligible to receive the sales tax refund and income tax credit described in Iowa Code section 15.355. Tax incentives may be claimed pursuant to Iowa Code section 15.355 and any applicable rules adopted by the department of revenue.

48.4(2) *Transfer.* Tax credit certificates may be transferred to any person pursuant to Iowa Code section 15.355 and the applicable rules adopted by the department of revenue. However, tax credit certificate amounts of less than $1,000 shall not be transferable.

48.4(3) *Tax credit limitations.* The tax credit limitations specified in Iowa Code section 15.354(4) shall apply.

[**ARC 0130D**, IAB 3/18/26, effective 4/22/26]

DISASTER RECOVERY HOUSING PROGRAM

261—48.5(15) Disaster recovery housing project requirements. To receive disaster recovery housing tax incentives pursuant to the program, a proposed disaster recovery housing project shall meet all requirements for other housing projects in rule 261—48.2(15).
[**ARC 0130D**, IAB 3/18/26, effective 4/22/26]

261—48.6(15) Disaster recovery housing project application and agreement.

48.6(1) *Application.* Information about applying for disaster recovery tax incentives will be available on the authority's website. A housing business shall apply for tax incentives in the form and with the content specified by the authority. The application will include all the information described in Iowa Code section 15.354(1). If tax credits for disaster recovery housing projects are available, the authority may establish a disaster recovery application period following the declaration of a major disaster by the President of the United States for a county in Iowa.

48.6(2) *Application review and approval.*

a. All completed applications shall be reviewed and scored pursuant to Iowa Code section 15.354(2). Review criteria include but are not limited to project need, project readiness, financial capacity, and project impact.

b. The director will approve tax incentive awards after considering the recommendations of staff. The director may approve, defer, or deny an application.

48.6(3) *Agreement and fees.*

a. A housing business that has been approved for disaster recovery tax incentives shall execute and return the agreement required by Iowa Code section 15.354(3) within 90 days of transmittal. Failure to do so may be cause for the director to terminate the award.

b. The compliance cost fees imposed in Iowa Code section 15.354(3)*"b"* shall apply to all agreements entered into for this program.

c. The agreement entered pursuant to Iowa Code section 15.354(3) may only be amended if done so in writing and signed by the housing business and the authority. Examples of situations requiring an amendment include but are not limited to time extensions, budget revisions, and significant alterations of the housing project.

d. Upon completion of a disaster recovery housing project, a housing business shall submit all information and documentation required by Iowa Code section 15.354(3)*"d"* to the authority along with a statement of all funding sources utilized for the project including government financing. The attestation applicable to the examination required by Iowa Code section 15.354(3)*"d"* is as described in paragraph 48.3(3)*"c."*
[**ARC 0130D**, IAB 3/18/26, effective 4/22/26]

261—48.7(15) Disaster recovery housing tax incentives.

48.7(1) *Eligibility.* A housing business that has entered into an agreement pursuant to rule 261—48.6(15) is eligible to receive the sales tax refund and income tax credit described in Iowa Code section 15.355. Tax incentives may be claimed pursuant to Iowa Code section 15.355 and any applicable rules adopted by the department of revenue.

48.7(2) *Transfer.* Tax credit certificates may be transferred to any person pursuant to Iowa Code section 15.355 and the applicable rules adopted by the department of revenue. However, tax credit certificate amounts of less than $1,000 shall not be transferable.

48.7(3) *Tax credit limitations.* The tax credit limitations specified in Iowa Code section 15.354(4) or that may otherwise be specified for disaster recovery housing projects shall apply.
[**ARC 0130D**, IAB 3/18/26, effective 4/22/26]

261—48.8(15) Projects located in small cities. A housing project located in a city or township that meets the criteria in Iowa Code section 15.352(10)*"b"* must be located at least five miles from the city limits of a city with a population greater than 2,500 to be considered located in a small city. Population for the purposes of this rule will be as determined by either the most recent population estimate produced by the

United States Bureau of Census or the most recent decennial census released by the United States Bureau of Census.

[**ARC 0130D**, IAB 3/18/26, effective 4/22/26]

These rules are intended to implement Iowa Code chapter 15, subchapter II, part 17.

[Filed ARC 1801C (Notice ARC 1628C, IAB 9/17/14), IAB 12/24/14, effective 1/28/15][1]
[Filed ARC 3581C (Notice ARC 3377C, IAB 10/11/17), IAB 1/17/18, effective 2/21/18]
[Filed ARC 4510C (Notice ARC 4353C, IAB 3/27/19), IAB 6/19/19, effective 7/24/19]
[Filed Emergency ARC 4724C, IAB 10/23/19, effective 10/3/19]
[Filed ARC 5139C (Notice ARC 4967C, IAB 3/11/20), IAB 8/12/20, effective 9/16/20]
[Filed ARC 6086C (Notice ARC 5909C, IAB 9/22/21), IAB 12/15/21, effective 1/19/22]
[Filed ARC 6467C (Notice ARC 6359C, IAB 6/15/22), IAB 8/24/22, effective 9/28/22]
[Filed ARC 7492C (Notice ARC 7106C, IAB 11/1/23), IAB 1/10/24, effective 2/14/24]
[Filed ARC 0130D (Notice ARC 9830C, IAB 12/24/25), IAB 3/18/26, effective 4/22/26]

[1] January 28, 2015, effective date of 48.7(2) [ARC 1801C] delayed until the adjournment of the 2015 General Assembly by the Administrative Rules Review Committee at its meeting held January 6, 2015.

CHAPTER 49
HISTORIC PRESERVATION TAX CREDIT

Chapter rescission date pursuant to Iowa Code section 17A.7: 1/1/28

FOR PROJECTS REGISTERED ON OR AFTER AUGUST 15, 2016

261—49.1(303,404A) Purpose. Pursuant to Iowa Code chapters 303 and 404A, the historic preservation tax credit program is administered by the authority with the assistance of the department of cultural affairs and the department of revenue. This chapter sets forth the administration of the program by the authority. The administrative rules for the department of cultural affairs' administration of the program can be found in 223—Chapter 48. The administrative rules for the department of revenue's administration of the program may be found in rules 701—304.19(404A,422), 701—304.55(404A,422), 701—501.48(404A,422), and 701—601.10(404A,422).
[**ARC 2944C**, IAB 2/15/17, effective 3/22/17; **ARC 6728C**, IAB 12/14/22, effective 1/18/23]

261—49.2(404A) Program transition and applicability. For projects registered prior to August 15, 2016, the program is administered by the department of cultural affairs and the department of revenue pursuant to the statutes and rules that apply to projects registered prior to August 15, 2016. On or after August 15, 2016, the program is administered by the economic development authority in consultation with the department of cultural affairs pursuant to Iowa Code chapter 404A. Chapter 49 applies to projects that are registered on or after August 15, 2016.
[**ARC 2944C**, IAB 2/15/17, effective 3/22/17; **ARC 6728C**, IAB 12/14/22, effective 1/18/23]

261—49.3(404A) Definitions. For purposes of this chapter, unless the context otherwise requires:

"Agreement" means an agreement between an eligible taxpayer and the authority concerning a qualified rehabilitation project as provided in Iowa Code section 404A.3(3) and rule 261—49.12(404A).

"Applicant" means an eligible taxpayer described in rule 261—49.9(404A).

"Assessed value" means the value of the eligible property on the most current property tax assessment at the time that the relevant application or agreement is submitted or the agreement is signed, as applicable.

"Authority" means the economic development authority.

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

"Barn" means an agricultural building or structure, in whatever shape or design, which was originally used for the storage of farm products or feed or for the housing of farm animals, poultry, or farm equipment.

"Certificate" means a historic preservation tax credit certificate issued pursuant to Iowa Code section 404A.3(5).

"Commencement date" means the date by which the qualified rehabilitation project must begin.

"Commercial property" means property classified as commercial, industrial, railroad, utility, or residential for property tax purposes under rules 701—102.1(405,427A,428,441,499B), 701—106.1(434), and 701—107.1(428,433,437,438). "Commercial property" does not include property classified as residential property under 701—subparagraph 102.1(4)*"c"*(1).

"Completion date" means the date on which property that is the subject of a qualified rehabilitation project is placed in service, as that term is used in Section 47 of the Internal Revenue Code.

"Department" means the department of cultural affairs.

"Director" means the director of the economic development authority.

"Eligible taxpayer" means the fee simple owner of the property that is the subject of a qualified rehabilitation project, or another person who will qualify for the federal rehabilitation credit allowed under Section 47 of the Internal Revenue Code with respect to the property that is the subject of a qualified rehabilitation project.

"Federal rehabilitation credit" or *"federal credit"* means the tax credit allowed under Section 47 of the Internal Revenue Code.

"Federal standards" means the U.S. Secretary of the Interior's standards for rehabilitation set forth in 36 CFR Section 67.7.

"Government funding" includes but is not limited to:

1. Any funding the applicant received from a federal, state, or local government; or
2. Funding from a third party or a series of third parties where those funds originally came from a government or were derived from a government payment, grant, loan, tax credit or rebate or other government incentive; or
3. Funding from a third party or a series of third parties where those funds are derived from, secured by, or otherwise received in anticipation of a government payment, grant, loan, tax credit or rebate or other government incentive.

"Historically significant" means a property that is at least one of the following:

1. Property listed on the National Register of Historic Places or eligible for such listing.
2. Property designated as contributing to a district listed in the National Register of Historic Places or eligible for such designation.
3. Property or district designated a local landmark by a city or county ordinance.
4. A barn constructed prior to 1937.

"Large project" means a qualified rehabilitation project with estimated final qualified rehabilitation expenditures of more than $750,000.

"National Register of Historic Places" means the same as defined in rule 223—35.2(303).

"Noncommercial property" means property other than "commercial property" as defined in this rule. "Noncommercial property" includes barns constructed prior to 1937.

"Nonprofit organization" means an organization described in Section 501 of the Internal Revenue Code unless the exemption is denied under Section 501, 502, 503, or 504 of the Internal Revenue Code. "Nonprofit organization" does not include a governmental body, as that term is defined in Iowa Code section 362.2.

"Part 1 application" means an application submitted to SHPO to determine whether a property is historically significant.

"Part 2 application" means an application submitted to SHPO to determine whether the proposed rehabilitation work meets the federal standards.

"Part 2B application" means an application submitted to the authority, after a Part 2 application has been approved by SHPO but before a Part 3 application is submitted, to determine whether a project should be registered for a tentative tax credit award.

"Part 3 application" means an application submitted to the authority, after a Part 2B application is approved, to determine whether a project has complied with the terms of an agreement as well as with applicable laws, rules and regulations, including federal standards, and is therefore eligible for issuance of a tax credit certificate.

"Placed in service" means the same as used in Section 47 of the Internal Revenue Code.

"Program" means the historic preservation tax credit program set forth in this chapter.

"Property" means the real property that is the subject of a "qualified rehabilitation project" or that is the subject of an application to become a qualified rehabilitation project.

"Qualified rehabilitation expenditures" or *"QREs"* means expenditures that meet the definition of "qualified rehabilitation expenditures" in Section 47 of the Internal Revenue Code and as described in rule 261—49.4(404A).

"Qualified rehabilitation project" or *"project"* means a project for the rehabilitation of property in this state that meets all of the following criteria:

1. The property is historically significant as defined in this rule.
2. The property meets the federal standards as defined in this rule.
3. The project is a substantial rehabilitation as defined in this rule.

"Related entities" means any entity owned or controlled in whole or in part by the applicant; any person or entity that owns or controls in whole or in part the applicant; or any entity owned or controlled in whole or in part by any current or prospective officer, principal, director, or owner of the applicant.

"Related persons" means any current or prospective officer, principal, director, member, shareholder, partner, or owner of the applicant.

"SHPO" means the state historic preservation office of the department of cultural affairs.

"Small project" means a qualified rehabilitation project with estimated final qualified rehabilitation expenditures of $750,000 or less.

"Substantial rehabilitation" means qualified rehabilitation costs that meet or exceed the following:

1. In the case of commercial property, costs totaling at least 50 percent of the assessed value of the property, excluding the land, prior to the rehabilitation or at least $50,000, whichever is less; or

2. In the case of noncommercial property, costs totaling at least $25,000 or 25 percent of the assessed value, excluding the land, prior to rehabilitation, whichever is less.

"Tax credit" or *"historic tax credit"* means the historic preservation tax credit established in Iowa Code chapter 404A.

[**ARC 2944C**, IAB 2/15/17, effective 3/22/17; **ARC 6728C**, IAB 12/14/22, effective 1/18/23]

261—49.4(404A) Qualified rehabilitation expenditures.

49.4(1) *Expenditures incurred by nonprofit organizations.* Notwithstanding the definition in rule 261—49.3(404A), expenditures incurred by an eligible taxpayer that is a nonprofit organization shall be considered "qualified rehabilitation expenditures" if they are any of the following:

a. Expenditures made for structural components, as that term is defined in Treasury Regulation §1.48-1(e)(2).

b. Expenditures made for architectural and engineering fees, site survey fees, legal expenses, insurance premiums, and development fees.

49.4(2) *What expenditures qualify.* "Qualified rehabilitation expenditures" may include:

a. For projects registered on or after January 1, 2023, expenditures incurred within five years prior to the date an agreement is entered into under Iowa Code section 404A.3(3).

b. Reasonable developer fees. The authority may establish limits on developer fees and may adjust those limits. Any adjustment made to the established limit shall take effect 24 months after the adjustment is published on the authority's website. Developer fees that are qualified rehabilitation expenditures and that meet the limits effective at the time the Part 2B application is submitted shall be deemed reasonable by the authority.

49.4(3) *Government financing.* "Qualified rehabilitation expenditures" does not include those expenditures financed by federal, state, or local government grants or forgivable loans unless otherwise allowed under Section 47 of the Internal Revenue Code. For an eligible taxpayer that is not eligible for the federal rehabilitation credit, expenditures financed with federal, state, or local government grants or forgivable loans are not qualified rehabilitation expenditures.

[**ARC 2944C**, IAB 2/15/17, effective 3/22/17; **ARC 6728C**, IAB 12/14/22, effective 1/18/23]

261—49.5(404A) Historic preservation tax credit.

49.5(1) *Tax credit.* An eligible taxpayer who has entered into and complied with an agreement under Iowa Code section 404A.3(3) and has complied with the program statutes and rules is eligible to claim a historic tax credit of 25 percent of the qualified rehabilitation expenditures of a qualified rehabilitation project that are specified in the agreement. Notwithstanding any other provision in Iowa Code chapter 404A, this chapter, or any provision in the agreement to the contrary, the amount of the tax credit shall not exceed 25 percent of the final qualified rehabilitation expenditures verified by the authority pursuant to Iowa Code section 404A.3(5)*"c."*

49.5(2) *How to claim the tax credit.* To receive the tax credit, a taxpayer shall file a claim in accordance with any applicable administrative rules adopted by the department of revenue.

[**ARC 2944C**, IAB 2/15/17, effective 3/22/17; **ARC 6728C**, IAB 12/14/22, effective 1/18/23]

261—49.6(404A) Management of annual aggregate tax credit award limit. The authority shall not register more projects in a given fiscal year for tentative awards than there are tax credits available for that fiscal year under Iowa Code section 404A.4. The authority will determine the projects for which sufficient

tax credits are available based on the estimated qualified rehabilitation expenditures identified in the Part 2B application, plus allowable cost overruns as described in paragraph 49.12(1)*"c."*

49.6(1) *Registration scoring.* If applicants' total tax credit requests from a fiscal year allocation exceed the tax credit allocation for that fiscal year, the authority will prioritize its determinations based on the applicants' registration scores. If there are no more projects that meet the minimum score as described in rule 261—49.11(404A), the authority may make the remaining tax credits available for small projects or allow the remaining tax credits for the fiscal year to carry forward to the succeeding fiscal year to the extent permitted by Iowa Code section 404A.4.

49.6(2) *Registrations for future tax credit allocations.* Registrations for future tax credit allocations require a new Part 2B application. When registering projects for a particular fiscal year, the authority shall not award, reserve, or register tax credits from future fiscal years' tax credit allocations. An applicant whose project is not registered due to an insufficient score or noncompliance with the application or the program statute or rules may submit future applications for future fiscal year tax credit allocations.

49.6(3) *Reallocation or rollover of available tax credit awards.* Tax credits may be reallocated or rolled over into future fiscal years to the extent permitted by Iowa Code section 404A.4.

[**ARC 2944C**, IAB 2/15/17, effective 3/22/17; **ARC 6728C**, IAB 12/14/22, effective 1/18/23]

261—49.7(404A) Applications.

49.7(1) All applications and other filings related to the program shall be on such forms and in accordance with such instructions as may be established by SHPO and the authority. Information about the program, including a link to the online applications and instructions, may be obtained by visiting the authority's website.

49.7(2) An application shall not be considered submitted for review until the application is completed and all required supporting documentation and information are provided.

[**ARC 2944C**, IAB 2/15/17, effective 3/22/17; **ARC 6728C**, IAB 12/14/22, effective 1/18/23]

261—49.8(404A) Small projects. If an applicant anticipates that the final qualified rehabilitation expenditures will exceed $750,000, the applicant shall not submit its application as a small project. The authority will not permit a small project applicant to submit additional or amended applications that would cause the final qualified expenditures to exceed $750,000.

49.8(1) *Small project fund.* The authority shall allocate at least 5 percent of its annual fiscal year tax credit award limit to small projects.

49.8(2) *Aggregate award limit.* For applicants that receive credits from the small project allocation, the cumulative total award for multiple applications for a single property shall not exceed $750,000 in qualified rehabilitation expenditures plus any allowable cost overruns as described in paragraph 49.12(1)*"c,"* regardless of the final qualified rehabilitation expenditures. The authority will not accept an application by the same owner for a property for which credits were previously received through the small project fund if the application causes the cumulative total to exceed $750,000, plus any allowable cost overruns as described in paragraph 49.12(1)*"c."*

49.8(3) *Small project Part 2B applications.* Small project application forms may be obtained by visiting the authority's website. Small project Part 2B applications may be accepted on a continuous basis or may be accepted during one or more application periods. Small project Part 2B applications may be evaluated on a first-come, first-served basis, subject to the availability of tax credits.

[**ARC 2944C**, IAB 2/15/17, effective 3/22/17; **ARC 6728C**, IAB 12/14/22, effective 1/18/23]

261—49.9(404A) Who may apply for the tax credit. Only an eligible taxpayer as defined in rule 261—49.3(404A) may apply for the tax credit. A nonprofit organization as defined in rule 261—49.3(404A) may apply for the tax credit if the nonprofit organization is the fee simple owner of the property.

49.9(1) *Preliminary documentation.* At the time a Part 1 application or Part 2 application is submitted, an applicant will be expected to provide preliminary documentation of the applicant's status as an eligible taxpayer.

a. An applicant that is the fee simple owner shall provide title documentation. If the title is held in the name of an entity, the applicant shall also provide documentation that indicates that the signatory is the authorized representative of the entity.

b. An applicant that is not the fee simple owner but plans to apply for the federal rehabilitation credit shall provide a copy of the approved federal Part 1 application, unless the property is individually listed on the National Register of Historic Places. The applicant must also certify that the applicant plans to apply and expects to qualify for the federal credit. The applicant must obtain from the fee simple owner of the property a written statement that indicates that the owner is aware of the application and has no objection and include the statement with the application.

49.9(2) *Final documentation.* At the time an eligible taxpayer enters an agreement with the authority pursuant to rule 261—49.12(404A), the eligible taxpayer must provide documentation that the eligible taxpayer is a fee simple owner or has a binding qualified long-term lease that meets the requirements of the federal rehabilitation credit.

49.9(3) *Who may not apply.* Governmental bodies as defined in Iowa Code section 362.2 may not apply.

[**ARC 2944C**, IAB 2/15/17, effective 3/22/17; **ARC 6728C**, IAB 12/14/22, effective 1/18/23]

261—49.10(404A) Part 1 and Part 2 applications. An eligible taxpayer shall submit preliminary applications to SHPO to evaluate, in consultation with the authority, whether the property is historically significant (Part 1) and whether the proposed rehabilitation work meets the federal standards (Part 2). Part 1 and Part 2 applications will be submitted and evaluated in accordance with the SHPO's rules in 223—Chapter 48. The authority will evaluate Part 1 and Part 2 applications to ensure applicants are eligible taxpayers. An applicant must submit a Part 1 application prior to the project being completed and placed in service.

[**ARC 6728C**, IAB 12/14/22, effective 1/18/23]

261—49.11(404A) Part 2B application. If SHPO has approved Part 1 and Part 2 applications for a project, the applicant may submit a Part 2B application to the authority during the registration application period as announced on the authority's website.

49.11(1) *Proof of status as eligible taxpayer.* An eligible taxpayer as defined in rule 261—49.3(404A) may submit a Part 2B application.

a. An applicant that is the fee simple owner must notify the authority of any changes in ownership status since the Part 2 application was filed.

b. If the applicant is not the fee simple owner but plans to apply for the federal rehabilitation credit, the applicant's application will be scored based on the steps taken toward ownership as described in subrule 49.11(6). The applicant must certify that the applicant understands that the applicant will not qualify for any state historic tax credit if the applicant is not the fee simple owner or not otherwise an eligible taxpayer. The applicant must also provide a written statement that indicates that the owner is aware of the application and has no objection.

49.11(2) *Submission period.* The authority may accept Part 2B applications on a continuous basis or may accept applications during one or more application periods.

49.11(3) *Required information.* The Part 2B application must include the following information as well as any additional information the authority may request: total project cost, an estimated schedule of qualified rehabilitation expenditures and a schedule of all funding sources received or anticipated to be received that will be used to fund the project, including those funding sources used or that will be used to finance or reimburse both qualified rehabilitation expenditures and those expenditures not being claimed as qualified rehabilitation expenditures, along with supporting documentation. The schedule must identify all government funding as defined in rule 261—49.3(404A), including any funding that originated or will originate from any government, whether federal, state, or local.

49.11(4) *Certification and release of information.* The applicant must identify and list all related persons and related entities, as those terms are defined in rule 261—49.3(404A). The applicant must release information requested by the authority regarding the applicant, related persons, and related entities. The applicant must also certify that all representations, warranties, documents, or statements made or

furnished in connection with the Part 2B application are true and accurate. The certification and release of information are intended to identify information that may disqualify an applicant from participating in the program or that may have an adverse impact on the project. The certification and release of information are also intended to provide the authority with information regarding the economic, ownership, and management realities related to the project by providing information about the actual persons and businesses affiliated with the applicant, the actual persons and businesses that will derive financial benefits from the project, and other businesses affiliated with the individuals involved with the project.

a. The authority may reject an application for registration if:

(1) The applicant fails to answer the questions and provide all requested information and documents in a timely manner.

(2) The applicant provides false or inaccurate information or documents to the authority.

(3) The applicant, a related person, or a related entity is not in good standing with any local, state, or federal taxing authority. This provision shall not apply to an applicant, related person, or related entity that has timely filed an extension to file a local, state or federal tax return.

(4) The applicant, a related person, or a related entity is currently in default, has an uncured breach, or is otherwise not in compliance with any entity or instrumentality of the state of Iowa.

(5) The applicant, a related person, or a related entity has any overdue amounts owed to the state of Iowa, any agency of the state of Iowa, any other entity or instrumentality of the state of Iowa, or any person or entity that is eligible to submit claims to the state offset system.

(6) The authority determines that the applicant will not be able to provide representations, warranties, conditions, or other terms of an agreement that would be acceptable to the authority.

(7) Information is disclosed to the authority that would cause the authority to decline to enter into an agreement with the applicant.

b. Scope of inquiry. The authority may ask the applicant to disclose information and documents about other entities affiliated with the applicant, a related person, or a related entity if the authority determines that the information regarding the applicant, related persons, and related entities does not adequately disclose to the authority the economic, ownership, and management structure and realities related to a project.

c. In determining whether to reject an application in accordance with this subrule, the authority will consider factors including, but not limited to, the nature of the information disclosed and whether the applicant has a record of violations of law over a period of time that tends to show a consistent pattern.

49.11(5) *Review period.* In general, the authority, in consultation with SHPO, will review fully completed Part 2B applications within 60 calendar days of receipt. The 60-day review period will be adhered to as closely as possible; however, it is not mandatory. If the application is incomplete when submitted or if for any other reason the authority must request additional information, the 60-day review period will restart when the requested information is received by the authority. The authority may reject an application if any requested information is not provided.

49.11(6) *Scoring process.* All completed applications will be reviewed and scored. Scoring of the application will take into account readiness criteria, including, but not limited to, the following:

a. Rehabilitation planning and project readiness. Projects will be scored based on whether the Part 2 application was approved with or without conditions.

b. Secured financing. Weighted preference will be given to projects that have financing or equity or both in place.

c. Steps taken towards ownership. Weighted preference will be given to the projects of applicants that are currently fee simple owners of the property.

d. Local government support. Weighted preference will be given to projects that have received support from their local jurisdiction.

e. Rehabilitation timeline. Weighted preference will be given to projects that will be completed in the shortest amount of time.

f. Zoning and code review. Weighted preference will be given to the projects of applicants that can demonstrate a determination by the authority having jurisdiction that the project complies with the guidelines for construction permitting.

g. Such other information as the authority may find relevant and request.

49.11(7) *Registration.* Upon reviewing and scoring all applications that are part of the application period, the authority may register the qualified rehabilitation projects to the extent sufficient tax credits are available based on the estimated qualified rehabilitation costs identified in the Part 2B applications. As described in rule 261—49.6(404A), in the case of insufficient funding, preference will be given to the projects with the highest registration score based on the criteria in subrule 49.11(6). At the time the project is registered, the authority shall make a preliminary determination as to the amount of tax credits for which the project qualifies. The authority shall make best efforts to notify the applicant within 60 calendar days after the close of the application period as to whether the applicant's project has been registered. The registration notice shall include the amount of the applicant's tentative tax credit award, along with a notice that the amount is a preliminary, nonbinding determination only. Small projects may submit Part 2B applications year-round; however, the application must be submitted no later than 12 months after receipt of approval of the Part 2 application.

[**ARC 2944C**, IAB 2/15/17, effective 3/22/17; **ARC 6728C**, IAB 12/14/22, effective 1/18/23]

261—49.12(404A) Agreement. Upon successful registration of the project as described in subrule 49.11(7), the eligible taxpayer shall have 90 calendar days or until the end of the fiscal year, whichever is less, to purchase or lease the property, if applicable, and enter into an agreement with the authority. Nothing in these rules shall affect the authority's ability to comply with the annual award limitations described in Iowa Code section 404A.4. The authority shall not enter an agreement until it receives proof that the eligible taxpayer is the actual fee simple owner or has a binding qualified long-term lease that meets the requirements of the federal rehabilitation credit. An eligible taxpayer shall not be eligible for historic tax credits unless the eligible taxpayer enters into an agreement with the authority concerning the qualifying rehabilitation project and satisfies the terms and conditions that must be met to receive the tax credit award.

49.12(1) *Terms and conditions.* The agreement shall contain mutually agreeable terms and conditions, which shall, at a minimum, provide for the following:

a. The maximum amount of the tax credit award. Notwithstanding anything in this chapter to the contrary, no tax credit certificate shall be issued until the authority verifies the amount of final qualified rehabilitation expenditures and compliance with all other requirements of the agreement, Iowa Code chapter 404A, and the applicable rules.

b. The rehabilitation work to be performed. An eligible taxpayer shall perform the rehabilitation work consistent with the U.S. Secretary of the Interior's standards for rehabilitation, as determined by the department.

c. The budget of the qualified rehabilitation project. The budget should include projected qualified rehabilitation expenditures, and those expenditures not qualified, and allowable cost overruns. The amount of allowable cost overruns provided for in the agreement shall not exceed the following amounts:

(1) For a qualified rehabilitation project with estimated final qualified rehabilitation expenditures of not more than $750,000, 15 percent of the projected qualified rehabilitation expenditures provided for in the agreement.

(2) For a qualified rehabilitation project with estimated final qualified rehabilitation expenditures of more than $750,000 but not more than $6 million, 10 percent of the projected qualified rehabilitation expenditures provided for in the agreement.

(3) For a qualified rehabilitation project with estimated final qualified rehabilitation expenditures of more than $6 million, 5 percent of the projected qualified rehabilitation expenditures provided for in the agreement.

d. A schedule of all funding sources received or anticipated to be received that will be used to fund the project, including those funding sources used or that will be used to finance or reimburse both qualified rehabilitation expenditures and those expenditures not being claimed as qualified rehabilitation expenditures, along with supporting documentation. The schedule must identify all government funding as defined in rule 261—49.3(404A).

e. The commencement date.

f. The completion date.

g. The agreement termination date.

h. Such other terms, conditions, representations, and warranties as the authority may determine are necessary or desirable to protect the interests of the state.

49.12(2) *Agreement timeline.* The commencement date indicated in the agreement shall be no later than the end of the fiscal year in which the agreement is entered into. The completion date indicated in the agreement shall be no later than 36 months from the commencement date. The agreement termination date indicated in the agreement shall not be earlier than five years from the date on which the tax credit certificate is issued.

49.12(3) *Amendments.* The authority may for good cause amend an agreement. However, the authority may not amend an agreement to allow cost overruns in excess of the amount described in paragraph 49.12(1)*"c."* Any amendment approved by the authority shall be signed by both parties.

[**ARC 2944C**, IAB 2/15/17, effective 3/22/17; **ARC 6728C**, IAB 12/14/22, effective 1/18/23]

261—49.13(404A) Part 3 application—request for certification of completed work and verification of qualified rehabilitation expenditures. Part 3 of the application is used to determine whether the project has complied with the terms of the agreement as well as with applicable laws, rules and regulations, including federal standards.

49.13(1) *Submission period.* The fully completed Part 3 application must be submitted no more than 180 calendar days after the project completion date as defined in the agreement. The authority may extend this deadline under extenuating circumstances.

49.13(2) *Required information.* The Part 3 application must include the following information:

a. Certification that the eligible taxpayer is the fee simple owner or is qualified for the federal rehabilitation credit and has a binding qualified long-term lease that meets the requirements of the federal rehabilitation credit.

b. Using the qualified rehabilitation expenditures schedule form provided by the authority, a schedule of total expenditures for the project, which shall identify in detail the final qualified rehabilitation expenditures and those expenditures that are not qualified. The qualified rehabilitation expenditures schedules form may be obtained by contacting the authority or by visiting the authority's website.

c. A schedule of all funding sources used to finance the project, including those funding sources used to finance or reimburse both qualified rehabilitation expenditures and expenditures not being claimed as qualified rehabilitation expenditures, along with supporting documentation. The schedule must identify all government funding as defined in rule 261—49.3(404A).

d. CPA examination.

(1) An eligible taxpayer shall engage a certified public accountant authorized to practice in this state to conduct an examination of the project in accordance with the American Institute of Certified Public Accountants' statements on standards for attestation engagements. The attestation applicable to this examination is SSAE No. 10 (as amended by SSAE Nos. 11, 12, 14), AT section 101 and AT section 601. Upon completion of the qualified rehabilitation project, the eligible taxpayer shall submit the examination to the authority, along with a statement of the amount of final qualified rehabilitation expenditures and any other information deemed necessary by the authority in order to verify that all requirements of the agreement, Iowa Code chapter 404A, and all rules adopted pursuant to Iowa Code chapter 404A have been satisfied.

(2) The procedures used by the CPA to conduct the examination should allow the CPA to conclude that, in the CPA's professional judgment, the qualified rehabilitation expenditures claimed are eligible pursuant to the agreement, Iowa Code chapter 404A, and all rules adopted pursuant to Iowa Code chapter 404A in all material respects. The documents reviewed by the CPA should be readily available to the authority upon request. The applicant should generally be able to provide the requested documents within ten business days of a request from the authority.

(3) The examination requirement is waived for an eligible taxpayer if the final qualified rehabilitation expenditures of the qualified rehabilitation project, as verified by the authority, do not exceed $100,000 and the qualified rehabilitation project is funded exclusively by private funding sources. The authority reserves the right to request any additional information necessary to verify the final qualified rehabilitation expenditures and, if deemed necessary by the authority, to require that such an eligible taxpayer engage a CPA to conduct an examination of the project pursuant to paragraph 49.13(2)*"d."*

e. Any other information deemed necessary by the authority in order to verify that all requirements of the agreement, Iowa Code chapter 404A, and all rules adopted pursuant to Iowa Code chapter 404A have been satisfied or any other information the authority may require for program evaluation.

f. Election to receive either a refundable or a nonrefundable tax credit.

49.13(3) *Review period.* The authority will make best efforts to review Part 3 applications within 60 calendar days after the application is filed. However, this time frame is not binding upon the authority. The authority, in consultation with SHPO, shall review the information submitted by the eligible taxpayer and determine whether a tax credit certificate may be issued, including whether the eligible taxpayer has complied with federal standards.

[**ARC 2944C**, IAB 2/15/17, effective 3/22/17; **ARC 6728C**, IAB 12/14/22, effective 1/18/23]

261—49.14(404A) Fees. Applicants must pay a nonrefundable fee for the processing of Parts 2 and 3 of an application. The review fee for Part 2 will be due with the filing of the Part 2 application and will be based on the estimated qualified rehabilitation costs. The fee for review of Part 3 will be due with the filing of the Part 3 application and will be based on the final qualified rehabilitation expenditures. The fee schedule is as follows:

For projects with qualified rehabilitation expenditures of:	Part 2 Processing Fee	Part 3 Processing Fee
$50,000 or less	No cost	No cost
$50,001 to $100,000	$250	$250
$100,001 to $750,000	$500	$500
$750,001 to $6,000,000	$1,000	0.5 percent of final qualified rehabilitation expenditures
Over $6,000,000	$1,500	$30,000

[**ARC 2944C**, IAB 2/15/17, effective 3/22/17; **ARC 6728C**, IAB 12/14/22, effective 1/18/23]

261—49.15(404A) Compliance.

49.15(1) *Annual reports.* The eligible taxpayer shall, for the length of the agreement, annually certify to the authority compliance with the requirements of the agreement.

49.15(2) *Burden of proof.* The eligible taxpayer shall have the burden of proof to demonstrate to the authority that all requirements of the agreement, Iowa Code chapter 404A, and the applicable rules are satisfied. The taxpayer shall notify the authority in a timely manner of any changes in the qualification of the rehabilitation project or in the eligibility of the taxpayer to claim the tax credit provided under this chapter, or of any other change that may have a negative impact on the eligible taxpayer's ability to successfully complete any requirement under the agreement.

49.15(3) *Events of default, revocation, recapture.* If, after entering into the agreement but before a tax credit certificate is issued, the eligible taxpayer or the qualified rehabilitation project no longer meets the requirements of the agreement, Iowa Code chapter 404A, and the applicable rules, the authority may find the taxpayer in default and may revoke the tax credit award.

a. Voluntary abandonment. To irrevocably decline the tax credit, the applicant shall send a letter to the authority stating the applicant's decision to irrevocably decline the tax credit. The authority shall acknowledge, in writing, that the tax credit has been irrevocably declined. The tax credit shall be reallocated to the extent permitted by Iowa Code section 404A.4. If the applicant wishes to apply for a tax credit on the same qualified rehabilitation project at a later date, the applicant must complete the application process as though the project is a new project.

b. Revocation and recapture for prohibited activity; liability of certain transferees. Pursuant to Iowa Code section 404A.3(4)*"c,"* if an eligible taxpayer obtains a tax credit certificate from the authority by way of a prohibited activity, the eligible taxpayer and any transferee shall be jointly and severally liable to the state for the amount of the tax credits so issued, interest and penalties allowed under Iowa Code chapter 422, and reasonable attorney fees and litigation costs, except that the liability of the transferee shall not exceed an amount equal to the amount of the tax credits acquired by the transferee.

[**ARC 2944C**, IAB 2/15/17, effective 3/22/17; **ARC 6728C**, IAB 12/14/22, effective 1/18/23]

261—49.16(404A) Certificate issuance; claiming the tax credit. After determining whether the terms of the agreement, Iowa Code chapter 404A, and the applicable rules have been met, the authority shall issue a tax credit certificate to the eligible taxpayer stating the amount of tax credit under Iowa Code section 404A.2 the eligible taxpayer may claim, or the authority shall issue a notice that the eligible taxpayer is not eligible to receive a tax credit certificate. To receive the tax credit, an eligible taxpayer shall file a claim in accordance with any applicable administrative rules adopted by the department of revenue. Notwithstanding the foregoing, the eligibility of the tax credit remains subject to audit by the department of revenue in accordance with Iowa Code chapters 421 and 422.
[**ARC 2944C**, IAB 2/15/17, effective 3/22/17; **ARC 6728C**, IAB 12/14/22, effective 1/18/23]

261—49.17(303,404A) Appeals. Appeals will be governed by Iowa Code sections 17A.10 to 17A.19. Challenges to an action by the department of revenue related to tax credit transfers, claiming of tax credits, tax credit revocation, or repayment or recovery of tax credits must be brought pursuant to department of revenue 701—Chapter 7.
[**ARC 2944C**, IAB 2/15/17, effective 3/22/17; **ARC 6728C**, IAB 12/14/22, effective 1/18/23]

These rules are intended to implement Iowa Code chapter 404A.

[Filed ARC 2944C (Notice ARC 2774C, IAB 10/12/16), IAB 2/15/17, effective 3/22/17]
[Filed ARC 6728C (Notice ARC 6546C, IAB 9/21/22), IAB 12/14/22, effective 1/18/23]

PART IV
BUSINESS DEVELOPMENT DIVISION

CHAPTER 50
DIVISION RESPONSIBILITIES

Rescinded **ARC 8258C**, IAB 10/16/24, effective 11/20/24

CHAPTER 51
BUTCHERY INNOVATION AND REVITALIZATION PROGRAM

Chapter rescission date pursuant to Iowa Code section 17A.7: 1/1/28

261—51.1(15E) Purpose. Pursuant to Iowa Code section 15E.370, the authority is authorized to provide financial assistance to businesses for projects relating to butchery innovation and revitalization as identified in this chapter.

[**ARC 5971C**, IAB 10/6/21, effective 9/17/21; **ARC 6638C**, IAB 11/16/22, effective 10/21/22]

261—51.2(15E) Definitions. For purposes of this chapter, unless the context otherwise requires:

"Agreement" means a contract for financial assistance under the program describing the terms on which the financial assistance is to be provided.

"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 appointed by the governor and in whom the powers of the authority are vested pursuant to Iowa Code section 15.105.

"Business" means a sole proprietorship, partnership, corporation, or other business entity organized for profit under the laws of the state of Iowa or another state, under federal statutes, or under the laws of another country.

"CIRAS" means the center for industrial research and service at Iowa state university of science and technology.

"Committee" means the committee of application reviewers appointed by the director and the secretary pursuant to subrule 51.5(1).

"Department" means the department of agriculture and land stewardship.

"Director" means the director of the authority.

"Establishment" means the same as defined in Iowa Code section 189A.2.

"Federal grant of inspection" means a certification issued by the Food Safety and Inspection Service certifying that an establishment is in compliance with the applicable requirements of 9 Code of Federal Regulations Chapter III and has been granted daily inspection services by FSIS.

"Financial assistance" means assistance provided only from the funds and assets legally available to the authority pursuant to Iowa Code section 15.370 as enacted by 2021 Iowa Acts, House File 857, section 1, and includes assistance in the form of grants, low-interest loans, and forgivable loans.

"Food Safety and Inspection Service" or *"FSIS"* means the agency of the United States Department of Agriculture which regulates establishments.

"Grant" means an award of assistance with the expectation that, with the fulfillment of the conditions, terms and obligations of the contract with the authority for the project, repayment of funds is not required.

"Program" means the butchery innovation and revitalization program established pursuant to this chapter.

"Project" means an activity or activities undertaken by the applicant to be carried out at an establishment.

"Secretary" means the secretary of agriculture, who is the head of the department.

"State grant of inspection" means a certification issued by the department certifying that an establishment is in compliance with the applicable requirements of 21—Chapter 76 and has been granted daily inspection services by the department.

[**ARC 5971C**, IAB 10/6/21, effective 9/17/21; **ARC 6638C**, IAB 11/16/22, effective 10/21/22; **ARC 7122C**, IAB 11/15/23, effective 12/20/23]

261—51.3(15E) Eligibility.

51.3(1) *Eligible businesses.* To be eligible for a grant under the program, an applicant shall meet all of the eligibility requirements in Iowa Code section 15E.370(4) as amended by 2023 Iowa Acts, House File 185, in addition to all of the following requirements:

a. The business must be incorporated or organized in Iowa or authorized to do business in Iowa.

b. The business must be an establishment that holds a current license from the department in accordance with the requirements of Iowa Code chapter 189A or is actively working with the department to obtain a license. Factors the authority may consider in determining whether a business is actively working with the department to obtain a license include, but are not limited to, the number and frequency of contacts the business has had with the department, whether the business has submitted an application for inspection to the department or FSIS, and whether the department or FSIS has conducted a site visit at the business.

c. The applicant must have an assessment of the applicant's proposed investment completed by CIRAS prior to submission of an application.

51.3(2) *Regulatory enforcement actions.* For the purposes of determining whether a business is ineligible for the program because the business has been subject to any regulatory enforcement action in the last five years pursuant to Iowa Code section 15E.370(4)*"b,"* regulatory enforcement actions include, but are not limited to, an administrative order, consent order or similar formal order issued by an applicable enforcement agency or an involuntary withdrawal of a state grant of inspection or federal grant of inspection.

51.3(3) *Eligible projects.* The applicant must propose an eligible project as described in Iowa Code section 15E.370(3).

a. For purposes of this subrule, a state-inspected small-scale meat processing business is an establishment that has been issued a state grant of inspection and meets the eligible business criteria in subrule 51.3(1).

b. For purposes of this subrule, a federally inspected small-scale meat processing business is an establishment that has been issued a federal grant of inspection and meets eligible business criteria in subrule 51.3(1).

c. For purposes of this subrule, a licensed custom locker is an establishment that slaughters or prepares livestock exclusively for use by the owners of the livestock, members of their household, and their nonpaying guests and employees, that is periodically inspected by the department, and that meets the eligible business criteria in subrule 51.3(1).

d. For purposes of this subrule, a mobile slaughter unit is a self-contained slaughter establishment that can travel from site to site; that operates in compliance with applicable laws, regulations, and the most current mobile slaughter unit compliance guide issued by FSIS; and that meets the eligible business criteria in subrule 51.3(1).

51.3(4) *Eligible and ineligible project costs.*

a. Eligible costs include, but are not limited to, land acquisition, site preparation, building acquisition, building construction, building remodeling, lease payments, machinery and equipment, and computer hardware or software associated with new machinery and equipment.

b. Ineligible costs include, but are not limited to, ongoing training costs, operational costs, and costs incurred for facilities located outside the state of Iowa. Training costs specific to new investment in machinery and equipment may be considered eligible in the discretion of the authority.

51.3(5) *Matching support required.* The applicant shall demonstrate the ability to provide matching financial support for the project on a one-to-one basis in the form of cash. The matching financial support must be obtained from private sources.

51.3(6) *Receipt of multiple grants.* An applicant that has previously received a grant from the program shall not be eligible to apply for additional grants from the program during the three state fiscal years following approval of the previous grant. For example, an applicant that was approved for a grant on February 16, 2023 (fiscal year 2023), would be eligible to apply for an additional grant on or after July 1, 2026 (fiscal year 2027). An applicant that has previously received a grant from the program shall not be eligible to apply for additional grants from the program until any prior program agreements have been satisfied.

[**ARC 7122C**, IAB 11/15/23, effective 12/20/23]

261—51.4(15E) Application submittal and review process.

51.4(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 eligible business shall submit an application to the authority in the form and manner prescribed by the authority.

51.4(2) Applications will be accepted only during established application periods as announced on the authority's website. Applications will be reviewed in the order received by the authority.

51.4(3) The authority may refuse to accept incomplete applications or may refuse to accept applications because of insufficient funds.

51.4(4) A scoring committee will consider, evaluate, and recommend applications for financial assistance under the program. The committee will review applications for financial assistance and score the applications according to the criteria described in subrule 51.5(2).

51.4(5) Applications that are recommended for funding by the committee will be forwarded to the board for final approval.

51.4(6) The maximum amount of financial assistance awarded to an eligible business for all applications under the program shall not exceed $100,000.

51.4(7) Successful applicants will be notified in writing of an award of financial assistance, including any conditions and terms of the award.

[**ARC 5971C**, IAB 10/6/21, effective 9/17/21; **ARC 6638C**, IAB 11/16/22, effective 10/21/22; **ARC 7122C**, IAB 11/15/23, effective 12/20/23]

261—51.5(15E) Application scoring criteria.

51.5(1) *Application scoring.* A scoring committee composed of individuals with relevant expertise and experience will be appointed by the director in consultation with the secretary. The committee will evaluate the applications and give them an average numerical score between 0 and 100.

51.5(2) *Scoring criteria.* The criteria under which each application will be scored are:

a. The extent to which the project expands processing capacity or increases efficiency: 25 points. Projects that benefit local small-scale farmers by creating or expanding opportunities to market processed meat under private labels, provide greater flexibility or convenience to have animals processed, or establish an essential community asset will receive more points. Projects that are likely to negatively impact existing meat processing businesses will receive fewer points. The committee may also consider the extent of any likely negative impact.

b. The sufficiency of the proposed project's financing structure, the feasibility of the sources of funds, and the appropriateness of the proposed uses of the funds: 25 points. Applicants that can demonstrate that the applicant has planned for long-term use of the project will receive more points.

c. The extent to which the proposed investment is consistent with the opportunities identified in the assessment completed by CIRAS pursuant to paragraph 51.3(1)*"h"*: 15 points.

d. The number and quality of jobs to be created by the applicant as a result of the project or the extent to which the proposed investment uses automation to address workforce issues: 15 points. Projects that create more jobs or higher quality jobs will receive more points. Factors the committee will consider in assessing the quality of jobs include, but are not limited to, wages and benefits. Projects that utilize technology to address the workforce needs of the business, resulting in a more skilled workforce or increased processing capacity, will also receive more points.

e. The financial need of the applicant: 10 points. Applicants that received a business improvement grant from the department for expenses incurred between March 1, 2020, and December 1, 2020, or previous financial assistance from the authority will receive fewer points.

f. The completeness of the application information and sufficiency of detail used to describe the project in the application: 10 points.

[**ARC 5971C**, IAB 10/6/21, effective 9/17/21; **ARC 6638C**, IAB 11/16/22, effective 10/21/22; **ARC 7122C**, IAB 11/15/23, effective 12/20/23]

261—51.6(15E) Contract administration.

51.6(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.

51.6(2) Any substantive change to a proposed project 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.

[**ARC 5971C**, IAB 10/6/21, effective 9/17/21; **ARC 6638C**, IAB 11/16/22, effective 10/21/22]

261—51.7(15E) Disbursement of funds. The authority will disburse funds for a project 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 the board approves the award and as provided under the contract.

[**ARC 5971C**, IAB 10/6/21, effective 9/17/21; **ARC 6638C**, IAB 11/16/22, effective 10/21/22]

261—51.8(15E) 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.

[**ARC 5971C**, IAB 10/6/21, effective 9/17/21; **ARC 6638C**, IAB 11/16/22, effective 10/21/22]

These rules are intended to implement Iowa Code section 15E.370 as amended by 2023 Iowa Acts, House File 185.

[Filed Emergency After Notice ARC 5971C (Notice ARC 5851C, IAB 8/11/21), IAB 10/6/21, effective 9/17/21]

[Filed Emergency After Notice ARC 6638C (Notice ARC 6470C, IAB 8/24/22), IAB 11/16/22, effective 10/21/22]

[Filed ARC 7122C (Notice ARC 7066C, IAB 8/23/23), IAB 11/15/23, effective 12/20/23]

CHAPTER 52
IOWA TARGETED SMALL BUSINESS CERTIFICATION PROGRAM

Chapter rescission date pursuant to Iowa Code section 17A.7: 11/20/29

261—52.1(15) Definitions.

"Act" means the Iowa targeted small business procurement Act codified in Iowa Code chapter 73, subchapter III.

"Authority" means the same as defined in Iowa Code section 15.102(1).

"Certification" means the process that identifies small businesses as targeted small businesses and as eligible for technical assistance.

"Disability" means the same as defined in Iowa Code section 15.102.

"Minority person" means the same as defined in Iowa Code section 15.102.

"Program" means the targeted small business certification program described in this chapter and 261—Chapter 54.

"Service-disabled veteran" means a veteran who provides written verification from the U.S. Department of Veterans Affairs or the U.S. Department of Defense of a disability that was incurred or aggravated in the line of duty in active military, naval, air, or space service.

"Targeted group person" means a minority person, woman, person with a disability, or service-disabled veteran who is either an Iowa resident or a resident of a contiguous state who lives within 50 miles of the targeted small business the person owns, operates, and actively manages.

"Targeted small business" or *"TSB"* means the same as defined in Iowa Code section 15.102.

"Woman" means any female 18 years of age or older.

[**ARC 8259C**, IAB 10/16/24, effective 11/20/24]

261—52.2(15) Certification.

52.2(1) A business must be certified as a targeted small business by the authority to participate in the program. Businesses seeking certification shall submit an application to the authority in the form and content required by the authority. The application will include information to establish whether a business meets the eligibility criteria of the program. An authorized representative of the business shall sign the application and an authorization to release information. Applications may be requested by contacting the authority or by visiting the authority's website.

52.2(2) The authority reviews applications to determine whether a business is eligible to participate in the program pursuant to this chapter as in effect as of the date of application for certification. The authority will notify applicants in writing of its decision.

52.2(3) Certified businesses shall submit verification of continued eligibility to the authority at least every two years. The application for recertification will be provided by the authority. The authority will determine whether a certified business is eligible for recertification pursuant to this chapter as in effect as of the date of application for recertification.

52.2(4) A business that fails to provide any supplemental information requested by the authority may be denied certification or recertification.

52.2(5) Any business that is denied certification or decertified may reapply. The business bears the burden of demonstrating eligibility.

52.2(6) A certified business shall notify the authority within 30 days following a change in ownership or control of a certified business or if the targeted group person no longer actively manages the business. The notice must be accompanied by sufficient documentation to determine whether the business continues to be eligible for certification. The authority may require a business to submit a new application following a change in ownership, control, or management.

[**ARC 8259C**, IAB 10/16/24, effective 11/20/24]

261—52.3(15) Eligibility. The authority will consider the following to determine whether a business is a targeted small business pursuant to Iowa Code section 15.102(12) and eligible for certification.

Documentation may be required to prove each eligibility requirement. The authority may conduct on-site audits to evaluate eligibility.

52.3(1) Ownership. The authority will evaluate the following factors that indicate independent ownership by a targeted group person.

a. The business shall not be a subsidiary of any other business. If another business that is not a TSB has an interest in a TSB applying for certification, the authority will scrutinize the relationship between the businesses to determine the independence of the TSB. Recognition of the business as a separate entity for tax or corporate purposes is not solely sufficient to demonstrate independence.

b. The targeted group person owner(s) shall enjoy the customary incidents and profits of ownership and share in the risks commensurate with the owner's ownership interest. The authority will consider the substance rather than the form of the arrangements. Business arrangements that deviate from common industry practice may indicate an owner other than the targeted group person owns, operates, and actively manages a business.

c. At least 51 percent of the members of the business's board of directors must be targeted group persons.

d. At least 51 percent of the shares or other units of ownership of the business must be owned by one or more targeted group persons.

e. The business should be compensated for facilities, inventory, equipment, labor, or other items it owns and shares with any other business. Compensation shall not vary from common industry practice. If an applicant business is operated from the owner's residence, the residence and any adjacent outbuildings used by the applicant business may be owned jointly with other family members.

52.3(2) Decision-making authority. The targeted group person owner(s) shall have authority to incur liability and to decide financial and policy questions without any restrictions, either formal or informal.

a. The authority may review documents, including but not limited to minutes of board or owners meetings, bylaw provisions, operating agreements, certificates of organization, partnership agreements, charter requirements for cumulative voting rights, or employment agreements to determine the targeted group person's authority.

b. The targeted group person owner(s) shall make day-to-day decisions as well as major decisions on management policy and operation of the business. Authority to hire and to fire all personnel shall be vested in the targeted group person owner(s).

c. The authority will consider particular positions to determine who has major responsibility in a company. These people include but are not limited to those who:

(1) Hold any applicable license;
(2) Devote substantial time to the business;
(3) Supervise or direct the supervision of management and field operations;
(4) Manage financial affairs;
(5) Prepare or approve bids or estimates;
(6) Participate in price and bidding negotiations;
(7) Make final decisions about staff and personnel;
(8) Sign contracts and checks or authorize action on behalf of the business.

52.3(3) Expertise. The targeted group person owner(s) must have an overall understanding of, managerial and technical competence in, and expertise directly related to the type or nature of business in which the business is engaged and in the business's operations. Generally, expertise limited to office management, administration, or bookkeeping functions unrelated to the activities of the business is insufficient to demonstrate control of the business.

52.3(4) Capital contributions. Capital contributions by the targeted group person owner(s) to acquire interest in the business shall be real and substantial and reflected in documents such as stock certificates, articles of incorporation, minutes of board or owners meetings, partnership agreements, or income tax returns.

52.3(5) Capital contribution, expertise, and experience in an inherited business are not required. All other requirements apply.

52.3(6) Businesses that are owned and operated by one or more members of the same family will be closely scrutinized to determine whether the targeted group person identified as the owner of 51 percent or more of the business sets policy and makes day-to-day and long-term decisions for the operation and management of the business.

52.3(7) A previous or continuing employer-employee relationship between present owners will be closely scrutinized to ensure that the employee-owner has substantial management and decision-making responsibilities.

52.3(8) A disabled targeted group person must provide certification of the disability from a licensed medical physician, physician assistant, or nurse practitioner with relevant expertise or must have been found eligible for vocational rehabilitation services by the department of workforce development, division of vocational rehabilitation services, or by the department for the blind.

52.3(9) The authority will calculate an applicant's gross income as follows: the total sales less the cost of goods sold plus any income from investments and from incidentals or outside operations or sources.

[**ARC 8259C**, IAB 10/16/24, effective 11/20/24]

261—52.4(15) Decertification.

52.4(1) If the authority determines there is reasonable cause to believe a business does not comply with the requirements of the program, the authority shall provide written notice of the intent to revoke certification to the business. Notice shall be sent at least 20 days before decertification is effective.

52.4(2) The authority shall revoke certification of a TSB if the authority determines that a fraudulent practice related to the program has occurred. The authority or its representative may investigate allegations or complaints of fraudulent practices. A person is considered to have engaged in a fraudulent practice related to the program if the person does any of the following:

a. Knowingly transfers or assigns assets, ownership, or equitable interest in property of a business to a targeted group person primarily for the purpose of obtaining benefits afforded only to TSBs if the transferor would otherwise not be qualified for such programs.

b. Solicits and is awarded a state contract on behalf of a TSB for the purpose of transferring the contract if the person transferring or intending to transfer the work had no intention of performing the work.

c. Knowingly falsifies information on an application for the purpose of obtaining benefits afforded only to TSBs.

52.4(3) A TSB may be decertified if the authority sends a letter by first-class mail to the last-known address provided to the authority by the TSB and it is returned as undeliverable.

52.4(4) Eligibility to participate in the program continues until the authority issues a final decision regarding decertification of a TSB.

[**ARC 8259C**, IAB 10/16/24, effective 11/20/24]

261—52.5(15) Waivers. A targeted small business may seek a satisfaction, performance, surety, or bid bond waiver from a state agency pursuant to Iowa Code section 12.44. A TSB must provide a sworn statement and documentation from surety companies verifying that the TSB is entitled to a waiver pursuant to Iowa Code section 12.44.

52.5(1) The authority reviews all requests for waivers. The authority may request information to assist the review process from the state agency requiring a bond. An applicant for a waiver pursuant to this rule and the agency requiring a bond will be notified of the decision in writing.

52.5(2) Waivers will be reviewed and renewed at the time of TSB recertification.

[**ARC 8259C**, IAB 10/16/24, effective 11/20/24]

261—52.6(15) TSB procurement.

52.6(1) *TSB directory and purchases.* The authority compiles and regularly updates a TSB directory that contains a listing of TSBs that have been certified by the authority. Entities required to make purchases from TSBs pursuant to the Act utilize the directory to identify TSBs for purchases. By certifying a business, the authority does not represent that the business can perform any contract entered into by the business.

52.6(2) *Authority administration.* The authority may conduct a review of entities subject to the Act where there is evidence of little or no progress toward reaching its established TSB goal. The purpose of the review will be to identify the barriers encountered, evaluate the efforts taken to reach the goal, and provide available assistance.

52.6(3) *Reporting requirements.* The director of each state agency or department shall submit quarterly reports of TSB purchases to the authority in the format and by the due date specified by the authority. Reports provided to the department of education by community colleges, area education agencies, and school districts pursuant to Iowa Code section 73.17(2) shall be forwarded to the authority. Pursuant to Iowa Code section 73.17, the authority may require modifications from the agencies and departments based on the information reported pursuant to that Iowa Code section and this rule.

52.6(4) *Maintenance of records.* Entities subject to the Act shall develop a recordkeeping system that identifies and assesses TSB contract awards and progress in achieving a TSB goal. Records should demonstrate procedures adopted to comply with Iowa Code chapter 73 and this chapter and awards to TSBs. Records shall be available upon the request of the authority or the state auditor.

[**ARC 8259C**, IAB 10/16/24, effective 11/20/24]

These rules are intended to implement Iowa Code sections 12.44 and 15.108(6) and chapter 73, subchapter III.

[Filed ARC 3582C (Notice ARC 3378C, IAB 10/11/17), IAB 1/17/18, effective 2/21/18]
[Filed ARC 5907C (Notice ARC 5622C, IAB 5/19/21), IAB 9/22/21, effective 10/27/21]
[Filed ARC 6794C (Notice ARC 6594C, IAB 10/19/22), IAB 1/11/23, effective 2/15/23]
[Filed ARC 8259C (Notice ARC 8144C, IAB 7/24/24), IAB 10/16/24, effective 11/20/24]

CHAPTER 53
COMMUNITY ECONOMIC BETTERMENT ACCOUNT (CEBA) PROGRAM

[Prior to 1/14/87, Iowa Development Commission[520] Ch 8]
[Prior to 7/19/95, see 261—Ch 22]
[Former Ch 53, "Economic and Research and Development Grants," rescinded IAB 7/19/95, effective 8/23/95]

Rescinded **ARC 6320C**, IAB 5/18/22, effective 6/22/22

CHAPTER 54
IOWA TARGETED SMALL BUSINESS PROCUREMENT PROGRAM

Rescinded **ARC 8258C**, IAB 10/16/24, effective 11/20/24

CHAPTER 55
TARGETED SMALL BUSINESS FINANCIAL ASSISTANCE PROGRAM

[Prior to 7/19/95, see 261—Ch 27]

Chapter rescission date pursuant to Iowa Code section 17A.7: 11/20/29

261—55.1(15) Targeted small business financial assistance program. The purpose of the program is to assist targeted group persons to establish or expand small business ventures in Iowa.
[**ARC 8260C**, IAB 10/16/24, effective 11/20/24]

261—55.2(15) Definitions. As used in this chapter, unless the context otherwise requires:

"Authority" means the same as defined in Iowa Code section 15.102.

"Disability" means the same as defined in Iowa Code section 15.102.

"Minority person" means the same as defined in Iowa Code section 15.102.

"Place of abode" means a place of stay, permanent or for some time, for which consideration is paid.

"Program" means the targeted small business financial assistance program established pursuant to this chapter.

"Review committee" means a committee established by the authority to review program applications pursuant to subrule 55.3(8).

"Service-disabled veteran" means a veteran who provides written verification from the U.S. Department of Veterans Affairs or the U.S. Department of Defense of a disability that was incurred or aggravated in the line of duty in active military, naval, air, or space service.

"Targeted group person" means a minority person, woman, person with a disability, or service-disabled veteran who is either an Iowa resident or a resident of a contiguous state who lives within 50 miles of the targeted small business the person owns, operates, and actively manages.

"Targeted small business" or *"TSB"* means the same as defined in Iowa Code section 15.102.

"Woman" means any female 18 years of age or older.
[**ARC 8260C**, IAB 10/16/24, effective 11/20/24]

261—55.3(15) Application and approval.

55.3(1) *Application procedures.* Application materials may be obtained from the authority.

55.3(2) *Maximum funding.* The maximum loan amount is $50,000. The interest rate charged shall not exceed 5 percent per annum or be less than 0 percent per annum. A targeted small business shall not receive a loan under the program that provides more than 90 percent of the funding for a project. All applicants must invest at least 10 percent of the total project budget in cash.

55.3(3) *Term.* The term of a loan shall not exceed five years.

55.3(4) *Eligible uses of funds.* Program funds shall be used for legitimate business expenses, including but not limited to purchase of equipment and furnishings, inventory, purchase of and improvements to land and buildings and specific operating expenses.

55.3(5) *Ineligible uses of funds.* Program funds shall not be used to refinance existing debt. For the purposes of this subrule, existing debt does not include interim financing for allowable program purposes intended as a bridge loan obtained after the date a program loan is approved. Program funds shall not be used to facilitate financing of a project that would consist solely of relocation of an existing business within Iowa.

55.3(6) *Threshold criteria.* Applicants for funds under the program must meet the following minimum criteria before their applications will be considered complete and eligible for evaluation:

a. The business must be eligible for certification as a targeted small business pursuant to 261—Chapter 52 at the time of application. The authority will educate applicants about the benefits of such certification and encourage applicants to seek certification.

b. An applicant must be a resident of Iowa for at least six months to be eligible to apply for assistance. Applicants may be asked to provide necessary documentation to prove legal residency. An applicant who has not established a permanent place of abode in Iowa or who has not abandoned a

permanent place of abode in another state shall be presumed to not be a resident of Iowa. A place of abode that is leased or rented shall be deemed permanent if leased or rented for a period of at least one year.

c. All applicants shall make a report regarding violations of law and address generation of solid or hazardous waste consistent with the requirements of Iowa Code section 15A.1(3).

55.3(7) *Submittal.* Applicants shall submit an application to the authority in the form and content prescribed by the authority.

55.3(8) *Review.*

a. Applications are reviewed for completeness. If additional information is required, the authority will notify the applicant. If the requested information is not provided by the deadline indicated in the notice, the application may be considered incomplete or ineligible.

b. The authority will establish a committee of at least three individuals to review all applications.

55.3(9) *Evaluation.* Applications are evaluated according to the following criteria:

a. Applicant credit score and outstanding liabilities.

b. Source(s) of the applicant's income.

c. Debt service coverage ratio.

55.3(10) *Negotiations.*

a. The authority reserves the right to negotiate the amount, term, interest rate, and other conditions of the loan prior to or after award.

b. The authority may decline to award funds to a business if there is a negative credit report (e.g., bankruptcy, foreclosure, tax liens, or unpaid or past due child support).

55.3(11) *Award decision.* If an application is approved by the review committee, the applicant business will receive an award letter that states the amount of the award, conditions of the award, any required security agreements, and the amount of monthly loan repayments. If an application is denied by the review committee, the applicant will receive a denial letter stating the reasons for denial.

55.3(12) *Reapplication.* An applicant whose application is denied by the review committee cannot resubmit an application for the program for 90 days from the date of the denial letter.

[**ARC 8260C**, IAB 10/16/24, effective 11/20/24]

261—55.4(15) Monitoring.

55.4(1) The authority will monitor the recipient's records to ensure compliance with the terms of the award. The authority may request information on the condition of the business at any time during the life of the loan to determine the status of the project.

55.4(2) The authority may require a program recipient to consult with designated small business service providers for assistance with various aspects of the management and operation of the business.

55.4(3) If the authority determines that a borrower is in default, the authority may seek recovery of the loan plus interest or other penalties; negotiate alternative payment schedules; initiate, suspend or discontinue collection efforts; and take other action as the authority deems necessary.

[**ARC 8260C**, IAB 10/16/24, effective 11/20/24]

261—55.5(15) Disbursement of funds. An approved applicant shall acknowledge and agree to the terms proposed by the authority prior to disbursement of funds. Requests for disbursement and loan documents shall be in the form and content specified by the authority.

[**ARC 8260C**, IAB 10/16/24, effective 11/20/24]

These rules are intended to implement Iowa Code section 15.108 and 2013 Iowa Acts, House File 324.

[Filed emergency 9/11/87—published 10/7/87, effective 9/11/87][1]
[Filed 12/24/87, Notice 10/7/87—published 1/13/88, effective 2/17/88]
[Filed emergency 11/23/88—published 12/14/88, effective 11/23/88]
[Filed 12/22/89, Notice 11/15/89—published 1/10/90, effective 2/14/90]
[Filed emergency 6/21/91 after Notice 4/17/91—published 7/10/91, effective 6/21/91]
[Filed 6/17/93, Notice 2/17/93—published 7/7/93, effective 8/11/93]
[Filed 1/20/95, Notice 8/17/94—published 2/15/95, effective 3/22/95]
[Filed 6/26/95, Notice 5/10/95—published 7/19/95, effective 8/23/95]
[Filed 8/27/03, Notice 7/9/03—published 9/17/03, effective 10/22/03]

[Filed 9/20/07, Notice 8/15/07—published 10/10/07, effective 11/14/07]
[Filed ARC 5907C (Notice ARC 5622C, IAB 5/19/21), IAB 9/22/21, effective 10/27/21]
[Filed ARC 8260C (Notice ARC 8143C, IAB 7/24/24), IAB 10/16/24, effective 11/20/24]

[1] Prior to 10/7/87, see Iowa Finance Authority 524—Chapter 11

CHAPTER 56
EMPLOYEE STOCK OWNERSHIP PLAN (ESOP) FORMATION ASSISTANCE

Chapter rescission date pursuant to Iowa Code section 17A.7: 2/25/31

261—56.1(85GA,HF648) Definitions. For purposes of this chapter, unless the context otherwise requires:

"Agreement" means a contract for financial assistance under the program describing the terms on which the financial assistance is to be provided.

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

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

"Business" means a corporation eligible to become a qualified Iowa ESOP.

"Director" means the director of the authority.

"Financial assistance" means a payment made by the authority to an applicant approved for funding under the program.

"Program" means the ESOP formation assistance program established pursuant to this chapter.

"Qualified Iowa ESOP" means an employee stock ownership plan, as defined in Section 4975(e)(7) of the Internal Revenue Code as in effect on February 25, 2026, and trust that are established by an Iowa corporation for the benefit of the employees of the corporation.

[**ARC 9999C**, IAB 1/21/26, effective 2/25/26]

261—56.2(85GA,HF648) Program eligibility, application, and funding decisions.

56.2(1) *Program eligibility.* To be eligible under the program, an applicant shall meet all of the following requirements:

a. The business is interested in establishing an ESOP.

b. The business is, or documents intent to become, an Internal Revenue Service (IRS) subchapter C or subchapter S corporation.

c. The business has a valuation that is sufficient to make an ESOP feasible. A business with valuation less than $5 million is generally not considered a feasible candidate for an ESOP.

d. The business has a number of employees, eligible employee types, and a total payroll that are sufficient to make an ESOP feasible. A business with fewer than 25 full-time, permanent employees is generally not considered a feasible candidate for an ESOP.

e. The applicant shall have a cash flow level sufficient to make an ESOP feasible. A business with cash flow less than $500,000 is generally not considered a feasible candidate for an ESOP.

f. The business is not a business engaged in the business of sale at retail of tangible personal property or taxable services in this state or online. "Sale at retail" means the same as defined in Iowa Code section 423.1(46). Any business obligated to collect sales or use tax under Iowa Code chapter 423 may be ineligible pursuant to this paragraph.

g. The business is not a publicly traded company.

h. The business has not completed a feasibility study for purposes of exploring formation of a qualified Iowa ESOP in the three years prior to application for the program.

56.2(2) *Application.* The authority will accept applications for the program on a rolling basis. Information on submitting an application is available on the authority's website.

56.2(3) *Application scoring.* The authority may engage outside experts for assistance in evaluating the applications as needed. An applicant may be required to interview with authority staff or outside experts engaged by the authority. Authority staff will score applications based on the extent to which an applicant is a feasible candidate to form a qualified Iowa ESOP. The authority will keep records of the scoring process and make those records available to applicants.

56.2(4) *Funding decisions.* The director will make the final funding decision on each application, taking into consideration the score and the funding recommendation of authority staff. The director will not approve funding for an application that receives an average score of less than 50 points.

56.2(5) *Amount of assistance.* An applicant to the program may be approved for financial assistance in an amount equal to 50 percent of the cost incurred for obtaining a feasibility study conducted by an

independent financial professional. The total amount of financial assistance provided to an applicant will not exceed $25,000.

[**ARC 9999C**, IAB 1/21/26, effective 2/25/26]

261—56.3(85GA,HF648) Contract and disbursement.

56.3(1) Each applicant that is approved for financial assistance under the program shall enter into an agreement with the authority to establish the terms on which the financial assistance is to be provided.

56.3(2) The authority may reimburse a business for up to 25 percent of the cost of a feasibility study upon completion of the feasibility study. The authority may reimburse a business for up to 25 percent of the cost of a feasibility study upon formation of a qualified Iowa ESOP. The business must document the costs incurred and completion of all necessary transactions to the satisfaction of the authority prior to disbursement. Costs incurred prior to approval of financial assistance will not be eligible for reimbursement.

[**ARC 9999C**, IAB 1/21/26, effective 2/25/26]

These rules are intended to implement 2013 Iowa Acts, House File 648, section 9.

[Filed ARC 1249C (Notice ARC 1021C, IAB 9/18/13), IAB 12/25/13, effective 1/29/14]

[Filed ARC 6891C (Notice ARC 6738C, IAB 12/14/22), IAB 2/22/23, effective 3/29/23]

[Filed ARC 9999C (Notice ARC 9544C, IAB 9/17/25), IAB 1/21/26, effective 2/25/26]

CHAPTER 57
EMPLOYER CHILD CARE TAX CREDIT
Rescinded **ARC 0131D**, IAB 3/18/26, effective 4/22/26

CHAPTER 58
NEW JOBS AND INCOME PROGRAM
[Prior to 7/19/95, see 261—Ch 62]
Rescinded **ARC 6320C**, IAB 5/18/22, effective 6/22/22

CHAPTER 59
ENTERPRISE ZONE (EZ) PROGRAM
Rescinded **ARC 8145C**, IAB 7/24/24, effective 8/28/24

CHAPTER 60
ENTREPRENEURIAL VENTURES
ASSISTANCE (EVA) PROGRAM
Rescinded **ARC 8145C**, IAB 7/24/24, effective 8/28/24

CHAPTER 61
PHYSICAL INFRASTRUCTURE ASSISTANCE PROGRAM (PIAP)
Rescinded **ARC 6320C**, IAB 5/18/22, effective 6/22/22

CHAPTER 62
COGENERATION PILOT PROGRAM
Rescinded **ARC 6320C**, IAB 5/18/22, effective 6/22/22

CHAPTER 63
UNIVERSITY-BASED RESEARCH UTILIZATION PROGRAM
Rescinded **ARC 6320C**, IAB 5/18/22, effective 6/22/22

CHAPTER 64
NEW CAPITAL INVESTMENT PROGRAM
Rescinded **ARC 6320C**, IAB 5/18/22, effective 6/22/22

CHAPTER 65
REDEVELOPMENT TAX CREDITS PROGRAM

Chapter rescission date pursuant to Iowa Code section 17A.7: 4/22/31

261—65.1(15) Definitions. As used in this chapter unless the context otherwise requires:

"Acquisition" means the purchase of brownfield or grayfield property.

"Affiliate" or *"affiliated entity"* means any entity to which one or more of the following applies:

1. The entity directly, indirectly, or constructively controls another entity.
2. The entity is directly, indirectly, or constructively controlled by another entity.
3. The entity is subject to the control of a common entity. A common entity is one that owns directly or individually more than 10 percent of the voting securities of the entity.

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

"Board" means the same as defined in Iowa Code section 15.102.

"Brownfield site" means the same as defined in Iowa Code section 15.291.

"Grayfield site" means the same as defined in Iowa Code section 15.291.

"Previously remediated or redeveloped site" means a site at which prior remediation or redevelopment has occurred, including development for which an award of tax credits under this chapter has been made, and identified by the authority pursuant to the criteria in subrule 65.2(2).

"Program" means the redevelopment tax credits program administered pursuant to Iowa Code chapter 15, subchapter II, part 9, and this chapter.

"Qualifying investment" means the same as defined in Iowa Code section 15.291.

"Qualifying investor" means an applicant who has been approved by the authority to receive a redevelopment tax credit.

"Qualifying redevelopment project" means the same as defined in Iowa Code section 15.291.

"Redevelopment" means construction or development activities associated with a qualifying redevelopment project that are undertaken either for the purpose of constructing new buildings or improvements at a site where formerly existing buildings have been demolished or for the purpose of rehabilitating, reusing, or repurposing existing buildings or improvements. Redevelopment typically includes projects that result in the elimination of blighting characteristics as defined by Iowa Code section 403.2.

"Remediation" includes characterization, risk assessment, removal, and cleanup of environmental contaminants located on and adjacent to a brownfield site in compliance with appropriate Iowa department of natural resources requirements and guidelines.

[**ARC 0132D**, IAB 3/18/26, effective 4/22/26]

261—65.2(15) Eligibility. To be eligible for the program, an applicant must meet the criteria for eligibility in Iowa Code chapter 15, subchapter II, part 17, and this rule.

65.2(1) *Site control.* The applicant must own the brownfield site or grayfield site or the applicant must have an agreement with the owner of a brownfield site or grayfield site prior to applying for tax credits. The agreement will include:

a. The total cost for remediating the site.

b. That the owner shall transfer title of the property to the applicant upon completion of the remediation of the property. Title transfer is not required when the applicant is the owner of the property and no title transfer occurs.

c. That upon the subsequent sale of the property by the applicant to a person other than the original owner, the original owner shall receive not more than 75 percent of the estimated total cost of the remediation, acquisition, or redevelopment.

65.2(2) *Previously remediated or redeveloped sites.* The authority will determine whether a project constitutes subsequent redevelopment at the same site as a previously remediated or redeveloped site by considering factors including but not limited to:

a. Whether the redevelopment described in multiple proposed projects is planned for a single parcel.

b. Whether the redevelopment described in multiple proposed projects is planned for adjacent or contiguous parcels or parcels in very close physical proximity.

c. Whether all involved parcels are owned by the same entity, different entities, or affiliated entities.

d. Whether a proposed project is the result of the same planning process as another project.

e. Whether the proposed projects are being developed by the same entity, different entities, or affiliated entities.

f. Whether the development of one proposed project occurs at or near the same time as another proposed project.

65.2(3) *Leaking underground storage tanks.* A project that includes remediation of contaminants being addressed under Iowa's leaking underground storage tank (UST) program is not eligible for the program unless other nonpetroleum contaminants or petroleum substances not addressed under 567—Chapter 135 are present.

65.2(4) *Violations of law.* The authority will determine whether the applicant has a record of violations of 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. An applicant with such a record of violations of the law shall be ineligible for the program.

[**ARC 0132D**, IAB 3/18/26, effective 4/22/26]

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, forgivable loans, or other forms of financial assistance that do not require repayment, excluding the tax incentives provided under the program.

2. Any costs, including acquisition costs, incurred before the project is approved by the board.

3. Building permits, building inspection fees, furnishings, appliances, accounting services, legal services, loan origination and other financing costs including interest on construction loans, syndication fees, and related costs; developer fees; or the costs associated with selling or renting the property whether incurred before or after completion of the project.

[**ARC 0132D**, IAB 3/18/26, effective 4/22/26]

261—65.4(15) Application—registration of projects—agreements.

65.4(1) *Application.*

a. Applications for redevelopment tax credits will only be accepted during the annual application period established by the authority.

b. An investor applying for a tax credit shall provide the authority with all of the following:

(1) The total costs of the qualifying redevelopment project, including the costs of land acquisition, cleanup, and redevelopment.

(2) The financing sources of the investment that are directly related to the qualifying redevelopment project for which the investor is seeking approval for a tax credit as provided in this chapter.

(3) Any other information deemed necessary to review and score the application pursuant to this rule.

65.4(2) *Scoring.* Each complete and eligible application will be reviewed and scored by the authority pursuant to Iowa Code section 15.293B(1)*"f."* Review criteria may include but are not limited to project need, project readiness, financial capacity, and project impact.

65.4(3) *Registration.* The authority will make tax credit award recommendations and register projects pursuant to Iowa Code section 15.293B(1)*"e."*

65.4(4) *Approval.* Tax credit awards and amounts of tax credit awards are subject to approval by the board pursuant to Iowa Code section 15.293B(1)*"e."* Awards may be conditioned upon commitment of other sources of funds necessary to complete the activity.

65.4(5) *Agreement.*

a. The agreement entered pursuant to Iowa Code section 15.293B(3) will identify the tax credit amount, the award date, the project completion deadline, the qualifying investment and the total costs of the project.

b. The qualifying investor must execute and return the agreement to the authority within 90 days of transmittal of the final agreement from the authority. Failure to do so may be cause for the board to terminate the award.

c. Agreement amendments must comply with Iowa Code chapter 15, subchapter II, part 9, and this chapter. Qualifying investors may submit requests for amendments to authority staff.

(1) Except as provided in paragraph 65.4(4)*"b,"* requests to amend an agreement must be approved by the board.

(2) The board may designate authority staff with authority to approve nonsubstantive changes, including but not limited to the following:

1. Recipient name, address, and similar changes.
2. Line-item budget changes that do not reduce overall total project costs or qualifying investment.
3. Extension of a project completion deadline of up to 12 months.

d. Noncompliance with the agreement may result in revocation of all or a portion of the tax credit award pursuant to Iowa Code section 15.293B(3).

65.4(6) *Reports.* Qualifying investors 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.

65.4(7) *Project completion.* The project completion deadline may be extended pursuant to Iowa Code section 15.293B(4). The authority may for good cause within the discretion of the authority extend a qualifying investor's completion deadline by up to 12 months upon application by the qualifying investor, which application shall be made prior to the expiration of the completion deadline in the manner and form prescribed by the authority. The authority may approve a second extension of up to 12 months if, prior to the expiration of the first 12-month extension, the qualifying investor applies and substantiates to the satisfaction of the authority that the second extension is warranted due to extenuating circumstances outside the control of qualifying investor.

65.4(8) *Certified public accountant (CPA) examination.* The attestation applicable to the examination required pursuant to Iowa Code section 15.293B(5) is SSAE No. 10 (as amended by SSAE Nos. 11, 12, 14), AT section 101 and AT section 601 or other comparable attestations identified by the authority. The procedures used by the CPA to conduct the examination should allow the CPA to conclude that, in the CPA's professional judgment, the expenditures claimed are eligible pursuant to the agreement; Iowa Code chapter 15, subchapter II, part 9; and all rules adopted pursuant to Iowa Code chapter 15, subchapter II, part 9, in all material respects. Within ten business days of a request by the authority, the qualifying investor shall make available to the authority the documents reviewed by the CPA unless good cause is shown.

[**ARC 0132D**, IAB 3/18/26, effective 4/22/26]

261—65.5(15) Redevelopment tax credit.

65.5(1) *Tax credit certificate.*

a. *Issuance.* The authority may issue a redevelopment tax credit certificate upon completion of the project and submittal of proof of completion by the qualifying investor, including the CPA attestation required pursuant to Iowa Code section 15.293B(5) and as described in subrule 65.4(8).

b. *Claims.* To claim a tax credit under this rule, a qualifying investor shall file a claim with the department of revenue pursuant to the applicable rules adopted by the department of revenue. A tax credit certificate shall not be used or included with a return filed for a taxable year beginning prior to the tax year listed on the certificate. The tax credit certificate(s) included with the qualifying investor's tax return shall be issued in the qualifying investor's name, expire on or after the last day of the taxable year for which the qualifying investor is claiming the tax credit, and show a tax credit amount equal to or greater than the tax credit claimed on the qualifying investor's tax return.

c. *Transfer.* Tax credit certificates issued under this rule may be transferred to any person or entity to the extent allowed by Iowa Code section 15.293A(2)*"d"* and any applicable rules adopted by the department of revenue.

65.5(2) *Tax credit amount and limitations.*

a. The amount of the tax credit shall equal the applicable percentage of the qualifying investor's qualifying investment specified in Iowa Code section 15.293A(3).

b. The maximum amount of tax credits the board may award in any one fiscal year is specified in Iowa Code section 15.293A(6).

65.5(3) *Tax credit carryover.* If the maximum amount of tax credits available has not been issued at the end of the fiscal year, the remaining tax credit amount may be carried over to a subsequent fiscal year or the authority may prorate the remaining credit amount among other eligible applicants.

[**ARC 0132D**, IAB 3/18/26, effective 4/22/26]

These rules are intended to implement Iowa Code chapter 15, subchapter II, part 9.

[Filed emergency 8/18/00—published 9/6/00, effective 8/18/00]
[Filed 10/23/00, Notice 9/6/00—published 11/15/00, effective 12/20/00]
[Filed ARC 7844B (Notice ARC 7706B, IAB 4/8/09), IAB 6/17/09, effective 7/22/09]
[Filed Emergency ARC 9746B, IAB 9/7/11, effective 8/19/11]
[Filed ARC 0007C (Notice ARC 9747B, IAB 9/7/11), IAB 2/8/12, effective 3/14/12]
[Filed ARC 0944C (Notice ARC 0686C, IAB 4/17/13), IAB 8/7/13, effective 9/11/13]
[Filed ARC 1827C (Notice ARC 1693C, IAB 10/29/14), IAB 1/21/15, effective 2/25/15]
[Filed ARC 4511C (Notice ARC 4281C, IAB 2/13/19), IAB 6/19/19, effective 7/24/19]
[Filed ARC 6042C (Notice ARC 5850C, IAB 8/11/21), IAB 11/17/21, effective 12/22/21]
[Filed ARC 6792C (Notice ARC 6593C, IAB 10/19/22), IAB 1/11/23, effective 2/15/23]
[Filed ARC 0132D (Notice ARC 9832C, IAB 12/24/25), IAB 3/18/26, effective 4/22/26]

CHAPTER 66
ASSISTIVE DEVICE TAX CREDIT

Rescinded **ARC 0131D**, IAB 3/18/26, effective 4/22/26

CHAPTER 67
MAJOR ECONOMIC GROWTH ATTRACTION (MEGA) PROGRAM

Chapter rescission date pursuant to Iowa Code section 17A.7: 7/26/29

261—67.1(15) Definitions. For purposes of this chapter, unless the context otherwise requires:

"Agricultural land" means the same as defined in Iowa Code section 15.491(1A) as enacted by 2024 Iowa Acts, Senate File 574, section 3.

"Authority" means the same as defined in Iowa Code section 15.102(1).

"Award date" means the date the board approved an application for program benefits.

"Base employment level" means the same as defined in Iowa Code section 15.491(2) as enacted by 2024 Iowa Acts, Senate File 574, section 3.

"Benefit" means the same as defined in Iowa Code section 15.491(3) as enacted by 2024 Iowa Acts, Senate File 574, section 3.

"Board" means the same as defined in Iowa Code section 15.102(4).

"Business" means a corporation or other business entity organized for profit under the laws of the state of Iowa or another state, under federal statutes, or under the laws of another country.

"Certified site" means the same as defined in Iowa Code section 15.491(4) as enacted by 2024 Iowa Acts, Senate File 574, section 3.

"Community" means the same as defined in Iowa Code section 15.491(5) as enacted by 2024 Iowa Acts, Senate File 574, section 3.

"Created job" or *"create jobs"* means the same as defined in Iowa Code section 15.491(8) as enacted by 2024 Iowa Acts, Senate File 574, section 3.

"Eligible business" means a business that meets the conditions of Iowa Code section 15.492 as enacted by 2024 Iowa Acts, Senate File 574, section 4.

"Foreign business" means the same as defined in Iowa Code section 9I.1.

"Full-time equivalent position" means the same as defined in Iowa Code section 15.491(12) as enacted by 2024 Iowa Acts, Senate File 574, section 3.

"Maintenance period" means the same as defined in Iowa Code section 15.491(13) as enacted by 2024 Iowa Acts, Senate File 574, section 3.

"Maintenance period completion date" means the same as defined in Iowa Code section 15.491(14) as enacted by 2024 Iowa Acts, Senate File 574, section 3.

"Program" means the same as defined in Iowa Code section 15.491(16) as enacted by 2024 Iowa Acts, Senate File 574, section 3.

"Program benefits" means tax incentives or an exemption to restrictions on agricultural land holdings authorized by the board pursuant to Iowa Code section 15.493(3) or 15.493(4) as enacted by 2024 Iowa Acts, Senate File 574, section 3.

"Project" means the same as defined in Iowa Code section 15.491(17) as enacted by 2024 Iowa Acts, Senate File 574, section 3.

"Project completion date" means the same as defined in Iowa Code section 15.491(18) as enacted by 2024 Iowa Acts, Senate File 574, section 3.

"Project completion period" means the same as defined in Iowa Code section 15.491(19) as enacted by 2024 Iowa Acts, Senate File 574, section 3.

"Qualified jobs" means created jobs that meet the applicable wage requirements established in Iowa Code section 15.492 as enacted by 2024 Iowa Acts, Senate File 574, section 4.

"Qualifying investment" means the same as defined in Iowa Code section 15.491(20) as enacted by 2024 Iowa Acts, Senate File 574, section 3. "Qualifying investment" includes machinery and equipment and infrastructure costs incurred by the business.

"Qualifying wage threshold" means the same as defined in Iowa Code section 15.491(21) as enacted by 2024 Iowa Acts, Senate File 574, section 3.

"Tax incentive" means the same as defined in Iowa Code section 15.491(23) as enacted by 2024 Iowa Acts, Senate File 574, section 3.

[**ARC 8196C**, IAB 8/21/24, effective 7/26/24]

261—67.2(15) Eligibility requirements.

67.2(1) *Project requirements.* The business' proposed project site and qualifying investment in the project must meet the requirements of Iowa Code section 15.492(1)*"a"* and *"b"* as enacted by 2024 Iowa Acts, Senate File 574, section 4. The authority will not accept an application from a business that proposes a project at a location that is not a certified site or that the business does not currently have a controlling interest in at the time of application. The authority may accept an application from a business that proposes a project on a certified site that is not currently greater than 250 acres if the process to certify additional acres has been initiated and the certified site will exceed 250 acres following certification of the additional acres. The authority will determine whether a site is suitable for a project based on the following factors:

a. Community approval of the project as required by subrule 67.2(2).

b. The impact of the project on surrounding businesses and residents.

c. The availability of or proposed plans to develop the necessary infrastructure to support the project.

67.2(2) *Community approval and local match.* Community approval of the project by ordinance or resolution is required as specified in Iowa Code section 15.492(1)*"c"* as enacted by 2024 Iowa Acts, Senate File 574, section 4. Local match may be required from the community or other relevant entity.

67.2(3) *Business type.*

a. The business must be an eligible business type as identified in Iowa Code section 15.492(1)*"d"* as enacted by 2024 Iowa Acts, Senate File 574, section 4.

b. For the purposes of determining whether a business is an ineligible retail business pursuant to Iowa Code section 15.492(1)*"d"* as enacted by 2024 Iowa Acts, Senate File 574, section 4, "retail business" means any business engaged in the business of sale at retail of tangible personal property or taxable services in this state or online. "Sale at retail" means the same as defined in Iowa Code section 423.1(46). Any business obligated to collect sales or use tax under Iowa Code chapter 423 is an ineligible retail business. A service business is not eligible for the program unless a significant proportion of its sales, as determined by the authority, are outside this state.

67.2(4) *Relocations and reductions in operations.* The authority will determine whether a business is ineligible due to a relocation or reduction in operations pursuant to Iowa Code section 15.492(1)*"e"* as enacted by 2024 Iowa Acts, Senate File 574, section 4.

67.2(5) *Jobs.* A business must propose to create qualified jobs.

67.2(6) *Determination of comprehensive benefits.* The benefits package provided pursuant to Iowa Code section 15.492(1)*"g"* as enacted by 2024 Iowa Acts, Senate File 574, section 4, shall meet the criteria established by the board. The board will periodically approve such criteria to reflect the most current benefits package typically offered by employers. The criteria established by the board may include but not be limited to premium percentages to be paid by the business, deductible amounts, and other such criteria as determined necessary to the evaluation of benefits offered by a business. A business shall provide comprehensive benefits to all jobs included in the base employment level.

67.2(7) *Violations of law.* If the authority finds that a business has a record of violations of law over a period of time that tends to show a consistent pattern as described in Iowa Code section 15.492(1)*"h"* as enacted by 2024 Iowa Acts, Senate File 574, section 4, the business shall not qualify for the program.

67.2(8) *Applicant's past or current performance.* If an applicant received a prior award or other benefit through any program administered by the authority, the authority and board will consider the applicant's past or current performance under the prior award or benefit.

67.2(9) *Results of due diligence review.* The authority will complete a due diligence review, including but not limited to lien searches, reports of violations, lawsuits and other relevant information about the applicant. A business may be ineligible based on results of the review.

67.2(10) *Other factors.*

a. The authority shall consider any applicable additional factors pursuant to Iowa Code section 15.492(2) as enacted by 2024 Iowa Acts, Senate File 574, section 4, to determine whether a business or a business's project should be considered eligible or ineligible for the program.

b. In evaluating the economic impact of a project pursuant to Iowa Code section 15.492(2)*"a"*(3) as enacted by 2024 Iowa Acts, Senate File 574, section 4, the authority will primarily measure economic impact by an independent analysis conducted by a contractor chosen by the authority.

c. The following businesses may be considered ineligible for the program:

(1) Businesses that have not proposed a sufficient number of created jobs or qualified jobs to justify program benefits.

(2) Businesses that do not clearly identify ownership and affiliated businesses to the authority's satisfaction.

(3) Businesses that do not have significant market share or national recognition in their industry.

67.2(11) *Ineligible projects.* A project representing solely acquisition of a business as a going concern that does not include qualified jobs and qualifying investment at the acquired business facility is not eligible for the program. A qualified project that occurs following acquisition of a business as a going concern may be eligible for the program.

67.2(12) *Project initiation.* The authority will not accept applications for projects that have been initiated or will be initiated prior to board consideration of the business's application for the program unless the business establishes that not initiating the project prior to board consideration of the application would result in undue hardship or that extenuating circumstances necessitate initiating the project prior to board consideration of the business's application for the program. Whether an undue hardship or extenuating circumstance exists will be determined by the authority.

a. Any one of the following may indicate that a project has been initiated:

(1) The start of construction of new or expanded buildings;

(2) The start of rehabilitation of existing buildings;

(3) The purchase or leasing of existing buildings; or

(4) The installation of new machinery and equipment or new computers to be used in the operation of the business's project.

b. The following shall not indicate a project has been initiated:

(1) The purchase of land or signing an option to purchase land;

(2) Earthmoving or other site development activities not involving actual building construction, expansion or rehabilitation; or

(3) Acquisition of a business as a going concern.

c. Any costs incurred prior to the award date are not eligible qualifying investment expenses.

[**ARC 8196C**, IAB 8/21/24, effective 7/26/24]

261—67.3(15) Application process and review.

67.3(1) *Application.*

a. Businesses may be invited to submit applications for the program to the authority. Businesses shall utilize a standardized application developed by the authority. A signature from an official authorized to represent the affected local community is required to indicate that the community supports the project. The application shall include an ordinance or resolution of the community's governing body approving the project.

b. An applicant shall provide any information requested by a contractor selected by the authority to evaluate the economic impact of the project pursuant to subrule 67.2(10). Such information will be held confidential by the authority to the extent allowed by Iowa Code sections 15.118 and 22.7 or other applicable laws.

c. During the application process, the authority will identify any assistance previously awarded for which an applicant would no longer be eligible pursuant to Iowa Code section 15.499(1) as enacted by 2024 Iowa Acts, Senate File 574, section 11. The authority may also identify assistance the applicant may be prohibited from receiving in the future pursuant to Iowa Code section 15.499(1) as enacted by 2024 Iowa Acts, Senate File 574, section 11, during the application process or may identify such prohibition at a later time.

67.3(2) *Fee.*

a. The application fee required by Iowa Code section 15.493 as enacted by 2024 Iowa Acts, Senate File 574, section 5, shall equal the sum of the following:

(1) The actual cost incurred by the authority to conduct an independent analysis of the economic impact of the project, not to exceed $50,000; and

(2) One half of 1 percent of the amount of tax incentives approved.

b. The authority shall issue an invoice for the portion of the fee assessed pursuant to subparagraph 67.3(2)*"a"*(1) following completion of the independent analysis. Payment shall be due within 30 days after the date the invoice is issued or a later date identified in writing by the authority.

c. The authority shall issue an invoice for the portion of the fee assessed pursuant to subparagraph 67.3(2)*"a"*(2) following board approval of tax incentives. Payment shall be equally divided over the term of the contract entered into pursuant to Iowa Code section 15.494 as enacted by 2024 Iowa Acts, Senate File 574, section 6. Payments shall be due by the dates identified by the authority in the invoice or a later date identified in writing by the authority.

67.3(3) *Applicability of wage requirements.* The qualifying wage threshold applicable to a project is the threshold in effect on the date the fully completed project application is received by the authority. If such an application is received but not acted upon by the board before the qualifying wage thresholds are updated, the thresholds in effect on the date the application was received will remain in effect for a period of three months after the month the thresholds were updated. The authority shall have sole discretion to determine whether an application is fully completed. Qualifying wage thresholds will be calculated and applied as described in rule 261—67.8(15).

67.3(4) *Job requirements.* Job requirements applicable to a project, identified as described in rule 261—67.7(15), will be established at the time of application. Job requirements will be based on the base employment level as of the date the application was fully completed and submitted to the authority and eligible business's job projections and will be utilized to determine eligibility and the amount of tax incentives.

67.3(5) *Investment requirements.* The investment requirements applicable to a project will be established at the time of application. Investment requirements are based on an eligible business's estimates of project costs and will be utilized to determine eligibility and the amount of tax incentives.

67.3(6) *Negotiations.* Authority staff and the board may negotiate with an applicant concerning dollar amounts, terms, conditions of award, or any other elements of the proposed award. All program benefits available under the program are subject to negotiation. The board and the authority will attempt to treat similarly situated applicants similarly. However, the amount, type, and terms of program benefits are necessarily dependent on many factors, and awards shall be entirely at the discretion of the board. The board, in consultation with authority staff, will attempt to determine the appropriate program benefits, and the board will make a good-faith effort to provide only the amount of program benefits necessary to facilitate the project.

The authority shall consider all of the following factors in negotiating with the business:

a. *Level of need.* The authority will determine a project's level of need based on the following factors:

(1) Whether the likely returns of the project are inadequate to motivate a company decision maker to proceed with the project in Iowa.

(2) Whether the business is deciding between an Iowa site and a site in another state for its project and the cost of completing the project at the out-of-state site is demonstrably lower, including if any form of incentives have been offered by another state or local government. Such a condition indicates that tax incentives may be needed to equalize the cost differential between the two sites. The authority will attempt to quantify the cost differential between the sites.

(3) The amount of state and local assistance available to the business from sources other than the program.

b. *Number of and quality of jobs.* The authority will determine the quality of jobs consistent with the factors listed in Iowa Code section 15.492(2)*"a"*(1) as enacted by 2024 Iowa Acts, Senate File 574, section 4.

c. *Percentage of created jobs that are qualified jobs.* The authority will consider the number of qualifying jobs in proportion to the total number of created jobs.

d. *Amount of investment.* The authority will consider the total amount of qualifying investment proposed by the business.

e. *Economic impact.* Economic impact will be primarily measured by an independent analysis conducted by a contractor chosen by the authority.

f. *Effect on likely suppliers to the applicant business.* The authority will consider whether a project increases demand for goods or services offered by other businesses in the state.

67.3(7) *Board approval and notice.*

a. Authority staff will review applications to ensure program eligibility requirements are satisfied. Authority staff may request additional information from the business or may use other resources to obtain the needed information.

Complete and eligible applications and supporting documentation will be submitted to the board for its consideration. Authority staff will generate and submit to the board a report that summarizes the project and provide a recommendation on the amount of tax incentives to be offered to the business and whether the business should be offered an exemption to restrictions on agricultural land holdings pursuant to Iowa Code section 15.498 as enacted by 2024 Iowa Acts, Senate File 574, section 10.

b. Staff may provide the board additional information or documentation as determined by staff. The board may offer an award in a lesser amount or that is structured in a manner different from that requested or recommended by authority staff. Meeting eligibility requirements does not guarantee that an award will be offered or provided in the form sought by the applicant.

c. The due diligence committee of the board established pursuant to 261—subrule 1.3(7) will review applications and make recommendations regarding the size, combination of program benefits, and conditions of awards. The board may accept or reject recommendations from the due diligence committee.

d. If the board approves an award, an applicant will be notified in writing, including any conditions and terms of the approval. If the board approves an application prior to certification of additional acres to qualify the project site pursuant to subrule 67.2(1), such approval shall be contingent upon certification of the additional acres.

67.3(8) *Restrictions on board.* The authority will reject any application received that would violate the restrictions on the board in Iowa Code section 15.501 as enacted by 2024 Iowa Acts, Senate File 574, section 13.

[**ARC 8196C**, IAB 8/21/24, effective 7/26/24]

261—67.4(15) Tax incentives. The authority may approve a business to receive any combination of applicable tax incentives allowed through the program pursuant to Iowa Code section 15.495, 15.496, or 15.497 as enacted by 2024 Iowa Acts, Senate File 574. An approved business shall not claim a tax incentive in excess of the amount specified in an agreement entered into pursuant to Iowa Code section 15.494 as enacted by 2024 Iowa Acts, Senate File 574, section 6. No tax incentive may be utilized by an approved business until all conditions of such tax incentive established by the authority or the department of revenue have been satisfied.

67.4(1) *Property tax exemption.* If a community approves an exemption from taxation pursuant to Iowa Code section 15.500 as enacted by 2024 Iowa Acts, Senate File 574, section 12, the community shall provide the authority and the local assessor with a copy of the resolution adopted by the community's governing body that indicates the estimated value and duration of the authorized exemption.

67.4(2) *Investment tax credit.* An approved business shall provide adequate documentation to the authority to document that the conditions for issuance of a tax credit certificate in Iowa Code section 15.496 as enacted by 2024 Iowa Acts, Senate File 574, section 8, have been satisfied.

67.4(3) *Maximum tax incentives available.* The maximum amount of tax incentives for a business's project will be established based on the factors identified in subrule 67.3(6).

[**ARC 8196C**, IAB 8/21/24, effective 7/26/24]

261—67.5(15) Acquisition of agricultural land by foreign businesses. The authority may authorize an exemption to restrictions on agricultural land holdings pursuant to Iowa Code sections 9I.3(3)*"f"* and 15.498 as enacted by 2024 Iowa Acts, Senate File 574. Whether to approve or deny a request for an exemption is solely within the board's discretion.

67.5(1) To be considered for an exemption, an applicant shall provide detailed documentation of ownership and affiliated businesses; evidence of compliance with Iowa Code chapter 9I as amended by 2024 Iowa Acts, Senate File 2204; and any other information requested by the authority to document the business's eligibility for the exemption to the authority's satisfaction. An applicant must demonstrate that

the number of acres for which an exemption is requested is necessary for the completion of the business's project. The number of acres for which an exemption is approved is subject to negotiation.

67.5(2) A request for an extension authorized pursuant to Iowa Code section 15.498(2)*"b"* as enacted by 2024 Iowa Acts, Senate File 574, section 10, must be made in writing and received by the authority at least 60 days prior to expiration of the applicable deadline imposed by Iowa Code section 9I.4 or as previously extended by the authority. The request shall include steps taken by the recipient to convert the land to a purpose other than farming, the estimated date by which the required conversion is expected to occur, and any other information required by the authority to determine whether an extension is warranted. Whether to approve or deny a request for an extension is solely within the board's discretion.

[**ARC 8196C**, IAB 8/21/24, effective 7/26/24]

261—67.6(15) Agreements and compliance.

67.6(1) *Execution.* Successful applicants will be required to execute an agreement with the authority within 180 days of the award date. The time limit for execution may be extended by the authority director for an additional 180 days for good cause shown. Upon expiration of the time limit, including any extensions approved pursuant to this subrule, the board may approve additional extensions or rescind the award.

67.6(2) *Requirements.* An agreement shall meet all requirements of and be administered pursuant to Iowa Code section 15.494 as enacted by 2024 Iowa Acts, Senate File 574, section 6.

67.6(3) *Jobs.* An agreement will specify the number of created jobs the business has pledged to create in addition to the base employment level and the number of qualified jobs. Job obligations will be established and monitored pursuant to subrule 67.2(5) and rule 261—67.7(15).

67.6(4) *Investment.* An agreement will describe the project and specify the qualifying investment the business proposes to make.

67.6(5) *Project completion date.* An agreement will specify the project completion date. The project completion date will be the date on which a program recipient has agreed to meet all the terms and obligations contained in an agreement with the authority, including but not limited to completing the project and creating jobs. The project completion period will be at least three years. The project completion date is calculated by the authority from the end of the month during which an award is made. For example, if an award is made on June 13, 2024, the three-year project completion date will be calculated from June 30, 2024. The project completion date for this award would be June 30, 2027.

67.6(6) *Maintenance period completion date.* An agreement will specify the maintenance period completion date. The maintenance period completion date will be used to establish the period during which the project and the created jobs must be maintained. The total contract length, including the maintenance period, will be at least five years.

67.6(7) *Conditions to issuance of tax credit certificate.* An agreement will specify the conditions of issuance of a tax credit certificate, including but not limited to compliance with the requirements of Iowa Code section 15A.1(3)*"b"* regarding solid and hazardous waste and verification that the project completion and qualified job threshold specified in Iowa Code section 15.496 as enacted by 2024 Iowa Acts, Senate File 574, section 8, has been met, if applicable.

67.6(8) *Monitoring and reports.* The authority shall ensure that program recipients comply with contracts entered into pursuant to this rule. An agreement will specify the reports a program recipient must submit to the authority and due dates for such reports. Reports shall be provided in form and content acceptable to the authority.

a. Recipients shall report annually to the authority about the status of the funded project, including but not limited to employment, wages, benefits, project costs, qualifying investment, and compliance with the contract. The authority will use the data it collects in the authority's annual report to the general assembly.

b. Recipients shall submit a report to the authority following the project completion date and the maintenance period completion date to verify compliance with the agreement. On-site or remote monitoring may be conducted following the project completion date as deemed appropriate by the authority. On-site or remote monitoring may be conducted following the maintenance period completion date as deemed appropriate by the authority.

67.6(9) *Default.* An agreement will specify events of default and the remedies available to the authority.

a. *Tax incentives.* If the authority determines that a recipient is in default, the authority may seek recovery of all state tax incentives by notifying the department of revenue of the event of default and the required repayment amount. The repayment amount is subject to applicable interest and penalties as determined by the department of revenue. Negotiated settlements are subject to approval by the board. The department of revenue will undertake collection efforts. If the business is an entity that has elected pass-through taxation status for income tax purposes, the department of revenue may undertake collection efforts against members, individuals, or shareholders to whom the tax incentives were passed through. If the agreement provides for local tax incentives, the authority will notify the community that provided incentives.

b. *Calculation of repayment due or reduction of tax incentives.*

(1) Job shortfall. If a business does not meet its job requirements, the repayment amount or reduction of tax incentives shall be the same proportion as the amount of the job shortfall. For example, if the business creates 50 percent of the jobs required, the business shall repay 50 percent of the tax incentives received or incentives will be reduced by 50 percent.

(2) Qualifying investment shortfall. If a business does not meet the qualifying investment requirement, the repayment amount or reduction of tax incentives shall be the same proportion as the amount of the shortfall in required qualifying investment. For example, if the business meets 75 percent of the amount of required qualifying investment, the business shall repay 25 percent of the amount of the tax incentives received or incentives will be reduced by 25 percent.

(3) Job and qualifying investment shortfalls. If a business has a shortfall in both qualifying investment and job requirements, the repayment amount or reduction of tax incentives shall be the same proportion as the greater of the two shortfalls. For example, if a business creates 50 percent of the required jobs and meets 75 percent of the required qualifying investment, the business shall repay 50 percent of the amount of the tax incentives received or tax incentives will be reduced by 50 percent.

(4) Benefits. Notwithstanding any other provision in this subrule, if a business fails to comply with the benefit requirements of the agreement, the business shall repay all of the tax incentives received or tax incentives will be fully revoked.

(5) Minimum eligibility. Notwithstanding any other provision in this subrule, if a business fails to maintain eligibility for the program, the business shall repay all of the tax incentives received or tax incentives will be fully revoked.

c. *Notification of default.* The authority will notify a business and community of an event of default as described in the agreement.

67.6(10) *Amendments.* Agreement amendments must comply with Iowa Code sections 15.490 through 15.501 as enacted by 2024 Iowa Acts, Senate File 574, and this chapter. Recipients may submit requests for amendments to authority staff.

a. Except as provided in paragraph 67.6(10)*"b,"* requests for amendments shall not be effective unless approved by the due diligence committee established pursuant to 261—subrule 1.3(7) and the board.

b. Authority staff may approve nonsubstantive changes, including but not limited to the following:

(1) Recipient name, address and similar changes.

(2) Line item budget changes that do not reduce overall total project costs.

(3) Changes to tax credit amortization schedules.

[**ARC 8196C**, IAB 8/21/24, effective 7/26/24]

261—67.7(15) Job counting.

67.7(1) *Overview.* The authority will count created jobs using a base employment analysis comparing the base employment level to employment at another date. The business's base employment level will be established at the time of application for the program. The number of qualified jobs the business has pledged to create shall be in addition to the base employment level.

67.7(2) *Base employment level.*

a. Base employment level will include the number of full-time equivalent positions employed at the project location. If the project occurs at more than one physical location, the business's base employment

level will include the total number of full-time equivalent positions working at the identified locations. Base employment level may include the business's full-time equivalent positions as identified by the authority that are employed in this state but are not employed at the project location.

b. The authority will collect payroll documents to calculate and verify the base employment level used in each award. Payroll documents must include a name or employee identification number and the hourly rate of pay for all full-time equivalent positions.

67.7(3) *Verification.* At the project completion date, during the maintenance period, and following the maintenance period completion date, payroll documents will be used to calculate and verify compliance with job obligations. The person who submits the documents must, under penalty of perjury, verify that the information contained in the documents is true and correct.

67.7(4) *Full-time equivalent positions.* Only a full-time equivalent position filled by an individual will be considered an employee of the business for the purpose of establishing the base employment level or created jobs. The authority will not consider "job sharing" or any other means of aggregation or combination of hours worked by more than one natural person in counting jobs. The authority will verify that full-time equivalent positions constitute the employment of one person for:

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

b. 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.

If employees at the facility do not typically work 40 hours per week, the business will be required to provide documentation outlining what the business considers a full-time workweek and how the business's interpretation fits within the norms of its industry standards. Whether to accept this interpretation is within the sole discretion of the authority.

67.7(5) *Contract employees.* A business's leased or contract employee may be included in the base employment level or as a created job only if the following requirements are met:

a. The business receiving the program benefits has a legally binding contract with a third-party provider to provide the leased or contract employee.

b. The contract between the third-party provider and the business specifically requires the third-party provider to pay the wages and benefits at the levels required and for the time period required by the authority as conditions of the award to the business.

c. The contract between the third-party provider and the business specifically requires the third-party provider to submit payroll records to the authority, in form and content and as frequently as required by the authority, for purposes of verifying that the business's created job and benefit requirements are being met.

d. The contract between the third-party provider and the business specifically authorizes the authority, or its authorized representatives, to access the third-party provider's records related to the funded project.

e. The business receiving the program benefits agrees to be contractually liable to the authority for the performance or nonperformance of the third-party provider.

67.7(6) *Displaced employees.* Pursuant to Iowa Code section 15.492(2)*"a"*(2) as enacted by 2024 Iowa Acts, Senate File 574, section 4, the authority shall reduce a business's job projections by the number of jobs displaced from competing businesses based on a good-faith estimate of such number of such displaced jobs when the authority determines the proposed number of created jobs applicable to a project. The authority shall have sole discretion to determine whether a job is displaced from a competing business.

[**ARC 8196C**, IAB 8/21/24, effective 7/26/24]

261—67.8(15) Authority procedure for establishing wage requirements. Created jobs shall meet the qualifying wage threshold requirements as established pursuant to this rule and as indicated in an agreement entered into pursuant to Iowa Code section 15.494 as enacted by 2024 Iowa Acts, Senate File 574, section 6. Jobs that do not meet the qualifying wage threshold requirements will not be counted toward a business's job obligations.

67.8(1) For the purposes of establishing qualifying wage threshold as defined in Iowa Code section 15.491 as enacted by 2024 Iowa Acts, Senate File 574, section 3, "laborshed area" means the geographic area surrounding an employment center from which the employment center draws its commuting workers as defined by the department of workforce development.

67.8(2) The authority will update the qualifying wage thresholds annually each fiscal year. The thresholds will take effect on September 1 of each fiscal year and remain in effect until August 31 of the following fiscal year. If the authority determines that the laborshed wage of a laborshed area would increase by more than one dollar per hour, the authority will limit the increase to the qualifying wage threshold for that laborshed area for that annual update to one dollar per hour.

67.8(3) The authority will calculate the laborshed wage as follows:

a. The most current covered wage and employment data available from the department of workforce development will be used.

b. The wage will be computed as a mean wage figure and represented in terms of an hourly wage rate.

c. Only the wages paid by employers for jobs performed within the first two zones of a laborshed area will be included.

d. The wages paid by employers in the following categories will be excluded from the calculation: government, retail trade, health care and social assistance, and accommodations and food service. The wages paid by employers in all other categories will be included in the calculation.

e. To the extent that a laborshed area includes zip codes from states other than Iowa, the wages paid by employers in those zip codes may be included if the department of workforce development has finalized a data-sharing agreement with the state in question and has received the necessary data.

f. Only those wages within two standard deviations from the mean wage will be included.

67.8(4) To determine the wages paid to the employees of an eligible business, the authority will include only monetary compensation, represented in terms of an hourly rate, paid by an employer to an employee for work or services provided, typically on a weekly or biweekly basis. The wage will not include nonregular forms of compensation, such as bonuses, unusual overtime pay, commissions, stock options, pensions, retirement or death benefits, unemployment benefits, life or other insurance, or other fringe benefits.

[**ARC 8196C**, IAB 8/21/24, effective 7/26/24]

These rules are intended to implement Iowa Code sections 15.490 through 15.501 as enacted by 2024 Iowa Acts, Senate File 574, and Iowa Code section 15A.1.

[Filed Emergency After Notice ARC 8196C (Notice ARC 8047C, IAB 6/12/24), IAB 8/21/24, effective 7/26/24]

CHAPTER 68
HIGH QUALITY JOBS PROGRAM (HQJP)

Chapter rescission date pursuant to Iowa Code section 17A.7: 8/28/29

261—68.1(15) Definitions. For purposes of this chapter, unless the context otherwise requires:

"Authority" means the same as defined in Iowa Code section 15.327(1).

"Award date" means the date the board approved an application for project completion assistance or tax incentives.

"Base employment level" means the same as defined in Iowa Code section 15.327(2).

"Benefit" means the same as defined in Iowa Code section 15.327(3).

"Board" means the same as defined in Iowa Code section 15.102(4).

"Brownfield site" means the same as defined in Iowa Code section 15.291(2).

"Business" means a sole proprietorship, partnership, corporation, or other business entity organized for profit under the laws of the state of Iowa or another state, under federal statutes, or under the laws of another country.

"Community" means the same as defined in Iowa Code section 15.327(6).

"Created job" means the same as defined in Iowa Code section 15.327(8).

"Eligible business" means a business that meets the conditions of Iowa Code section 15.329.

"Fiscal impact ratio" means the same as defined in Iowa Code section 15.327(11).

"Forgivable loan" is a loan for which repayment is eliminated in part or entirely if the borrower satisfies specified conditions.

"Full-time equivalent position" means the same as defined in Iowa Code section 15.327(12).

"Grayfield site" means the same as defined in Iowa Code section 15.291(4).

"High quality jobs" means created or retained jobs that meet the applicable wage requirements established in Iowa Code section 15.329(1)*"c"* or 15.335C.

"Laborshed area" means the geographic area surrounding an employment center from which the employment center draws its commuting workers as defined by the department of workforce development.

"Laborshed wage" means the same as defined in Iowa Code section 15.327(15).

"Loan" means funds provided that must be repaid with term, interest rate, and other conditions specified in an agreement entered into pursuant to Iowa Code section 15.330.

"Maintenance period" means the same as defined in Iowa Code section 15.327(17).

"Maintenance period completion date" means the same as defined in Iowa Code section 15.327(18).

"Modernization project" means a project that will result in increased skills and wages for current employees and that does not involve created or retained jobs.

"Program" means the same as defined in Iowa Code section 15.327(19).

"Project" means the same as defined in Iowa Code section 15.327(21).

"Project completion assistance" means the same as defined in Iowa Code section 15.327(22).

"Project completion date" means the same as defined in Iowa Code section 15.327(23).

"Project completion period" means the same as defined in Iowa Code section 15.327(24).

"Qualifying wage threshold" means the same as defined in Iowa Code section 15.327(26).

"Retained job" means the same as defined in Iowa Code section 15.327(27).

"Retention-only project" means a project that involves only retained jobs.

[**ARC 8145C**, IAB 7/24/24, effective 8/28/24]

261—68.2(15) Eligibility requirements.

68.2(1) *Community approval and local match.* Community approval of the project by ordinance or resolution is required as specified in Iowa Code section 15.329(1)*"a."* Local match may be required from the community or other relevant entity pursuant to criteria established by the board. The board will periodically approve such criteria to reflect meaningful types and amounts of local match that may be provided. The criteria established by the board may include but not be limited to when local match is required, entities that may provide local match, and acceptable amounts and forms of local match.

68.2(2) *Relocations and reductions in operations.* The authority will determine whether a business is ineligible due to a relocation or reduction in operations pursuant to Iowa Code section 15.329(1)*"b."*

68.2(3) *Retail or service businesses.* For the purposes of determining whether a business is an ineligible retail business pursuant to Iowa Code section 15.329(1)*"f,"* "retail business" means any business engaged in the business of sale at retail of tangible personal property or taxable services in this state or online. "Sale at retail" means the same as defined in Iowa Code section 423.1(46). Any business obligated to collect sales or use tax under Iowa Code chapter 423 is an ineligible retail business. A service business is not eligible for the program unless a significant proportion of its sales, as determined by the authority, are outside this state.

68.2(4) *Created and retained jobs.* The jobs created or retained by a business shall pay the applicable wages as established in Iowa Code section 15.329(1)*"c"* or 15.335C.

68.2(5) *Determination of sufficient benefits.* The business shall offer a sufficient package of benefits to each full-time equivalent position included in the business's base employment level and to each full-time equivalent position at the project location until the maintenance period completion date. The benefits package provided shall meet the criteria established by the board. The board will periodically approve such criteria to reflect the most current benefits package typically offered by employers. The criteria established by the board may include but not be limited to premium percentages to be paid by the business, deductible amounts, and other such criteria as determined necessary to the evaluation of benefits offered by a business.

68.2(6) *Sufficient fiscal impact.* The business shall demonstrate a sufficient fiscal impact as described in Iowa Code section 15.329(1)*"e."*

68.2(7) *Violations of law.* If the authority finds that a business has a record of violations of law, including but not limited to environmental and worker safety laws, over a period of time that tends to show a consistent pattern as described in Iowa Code section 15.329(2)*"a,"* the business shall not qualify for the program.

68.2(8) *Applicant's past or current performance.* If an applicant received a prior award or other benefit through any program administered by the authority, the authority and board will consider the applicant's past or current performance under the prior award or benefit.

68.2(9) *Results of due diligence review.* The authority will complete a due diligence review, including but not limited to lien searches, reports of violations, pending or resolved litigation, and other relevant information about the applicant. A business may be ineligible based on the results of the review.

68.2(10) *Other factors.* The authority shall consider any applicable additional factors pursuant to Iowa Code section 15.329(3).

68.2(11) *Ineligible projects.*

a. If a project is creating or retaining jobs, but none are high quality jobs, then the project is not eligible for the program.

b. A project representing solely acquisition of a business as a going concern that does not include creation or retention of jobs and capital investment at the acquired business facility is not eligible for the program. A qualified project that occurs following acquisition of a business as a going concern may be eligible for the program.

68.2(12) *Project initiation.* The authority will not accept applications for projects that have been initiated or will be initiated prior to board consideration of the business's application for the program unless the business establishes that not initiating the project prior to board consideration of the application would result in undue hardship or that extenuating circumstances necessitate initiating the project prior to board consideration of the business's application for the program. Whether an undue hardship or extenuating circumstance exists will be determined by the authority.

a. Any one of the following may indicate that a project has been initiated:

(1) The start of construction of new or expanded buildings;

(2) The start of rehabilitation of existing buildings;

(3) The purchase or leasing of existing buildings; or

(4) The installation of new machinery and equipment or new computers to be used in the operation of the business's project.

b. The following shall not indicate a project has been initiated:

(1) The purchase of land or signing an option to purchase land;

(2) Earthmoving or other site development activities not involving actual building construction, expansion or rehabilitation; or

(3) Acquisition of a business as a going concern.

c. Any costs incurred prior to the award date are not eligible qualifying investment expenses.

[**ARC 8145C**, IAB 7/24/24, effective 8/28/24]

261—68.3(15) Application process and review.

68.3(1) *Application.* Businesses applying for the program shall utilize a standardized application developed by the authority. A signature from an official authorized to represent the affected local community is required to indicate that the community supports the project. For a project with a qualifying investment of $10 million or more, the application shall include an ordinance or resolution of the community's governing body approving the project.

68.3(2) *Applicability of wage requirements.* The qualifying wage threshold applicable to a project is the threshold in effect on the date the fully completed project application is received by the authority. If such an application is received but not acted upon by the board before the qualifying wage thresholds are updated, the thresholds in effect on the date the application was received will remain in effect for a period of three months after the month the thresholds were updated. The authority shall have sole discretion to determine whether an application is fully completed. Qualifying wage thresholds will be calculated and applied as described in rule 261—68.8(15).

68.3(3) *Job requirements.* The created job and retained job requirements applicable to a project, identified as described in rule 261—68.7(15), will be established at the time of application. Job requirements will be based on the base employment level as of the date the application was fully completed and submitted to the authority and eligible business's job projections and will be utilized to determine the amount of tax incentives and assistance.

68.3(4) *Investment requirements.* The investment requirements applicable to a project, identified as described in rule 261—68.9(15), will be established at the time of application. Investment requirements are based on an eligible business's estimates of project costs and will be utilized to determine the amount of tax incentives and assistance.

68.3(5) *Negotiations.* Authority staff may negotiate with the applicant concerning dollar amounts, terms, collateral, conditions of award, or any other elements of the proposed award. All forms of tax incentives and assistance available under the program are subject to negotiations. The authority shall consider all of the following factors in negotiating with the business:

a. *Level of need.* The following factors will determine the authority's assessment of need:

(1) Whether the business can raise only a portion of the debt and equity necessary to complete the project. The existence of a gap between the financing required and the committed financing indicates that tax incentives or assistance may be needed to fill the gap.

(2) Whether the likely returns of the project are inadequate to motivate a company decision maker to proceed with the project even if sufficient debt or equity can be raised to finance the project. The existence of such a condition indicates that the project's risks may outweigh its rewards and that tax incentives or assistance may be needed to reduce the project's risks.

(3) Whether the business is deciding between an Iowa site and a site in another state for its project and the cost of completing the project at the out-of-state site is demonstrably lower. Such a condition indicates that tax incentives or assistance may be needed to equalize the cost differential between the two sites. The authority will attempt to quantify the cost differential between the sites.

b. *Quality of the jobs.* The authority shall place greater emphasis on projects involving created or retained jobs rated as higher quality jobs pursuant to the factors listed in Iowa Code section 15.329(3)*"a."*

c. *Percentage of created jobs defined as high quality jobs.* The authority will consider the number of high quality jobs to be created in proportion to the total number of created jobs in determining what amount of tax incentives and assistance to offer the business.

d. *Economic impact.* In measuring the economic impact to this state, the authority shall place greater emphasis on projects that demonstrate the factors listed in Iowa Code section 15.329(3)*"c."*

68.3(6) *Board approval and notice.*

a. Authority staff will review applications to ensure program eligibility requirements are satisfied. Authority staff may request additional information from the business or may use other resources to obtain the needed information.

b. Complete and eligible applications and supporting documentation will be submitted to the board for its consideration. Authority staff will generate and submit to the board a report that summarizes the project and provide a recommendation on the amount of tax incentives and assistance to be offered to the business. Staff may provide to the board additional information or documentation as determined by staff. The board may offer an award in a lesser amount or that is structured in a manner different from that requested or recommended by authority staff. Meeting eligibility requirements does not guarantee that assistance will be offered or provided in the manner sought by the applicant.

c. The due diligence committee of the board established pursuant to 261—subrule 1.3(7) will review applications and make recommendations regarding the size and conditions of awards. The board may accept or reject recommendations from the due diligence committee.

d. If the board approves an award, an applicant will be notified in writing, including any conditions and terms of the approval.

[**ARC 8145C**, IAB 7/24/24, effective 8/28/24]

261—68.4(15) Tax incentives. The authority may approve a business to receive any combination of applicable tax incentives allowed through the program pursuant to Iowa Code section 15.331A, 15.331C, 15.332, 15.333, 15.333A, or 15.335. An approved business shall not claim a tax incentive in excess of the amount specified in an agreement entered into pursuant to Iowa Code section 15.330.

68.4(1) *Sales and use tax refund or tax credit for racks, shelving, and conveyor equipment.* A business approved to receive a refund of sales and use taxes attributable to racks, shelving, and conveyor equipment in one fiscal year shall not be considered for an additional award of a refund of sales and use taxes attributable to racks, shelving, and conveyor equipment in a succeeding fiscal year. No business shall receive more than $500,000 in refunds pursuant to this subrule. The limitations in this subrule also apply to an approved business that receives tax credit up to the amount of sales and use taxes paid by a third-party developer and attributable to racks, shelving, and conveyor equipment pursuant to Iowa Code section 15.331C.

68.4(2) *Value-added property tax exemption.* If a community approves an exemption from taxation pursuant to Iowa Code section 15.332, the community shall provide the authority and the local assessor with a copy of the resolution adopted by the community's governing body that indicates the estimated value and duration of the authorized exemption.

68.4(3) *Investment tax credit—treatment of rent.* The annual base rent paid to a third-party developer by an approved business may be considered new investment for the purpose of an investment tax credit approved pursuant to Iowa Code section 15.333 or an insurance premium tax credit approved pursuant to Iowa Code section 15.333A. Annual base rent may be included as new investment for a period equal to the term of the lease agreement but not to exceed the maximum term specified in a contract entered into with the authority. Annual base rent shall be considered only when the project includes the construction of a new building or the major renovation of an existing building. The approved business shall enter into a lease agreement with the third-party developer for a minimum of five years. For the purposes of this subrule, "annual base rent" means the business's annual lease payment minus taxes, insurance and operating or maintenance expenses.

68.4(4) *Maximum tax incentives available.* Tax incentives awarded under this program are based upon the number of jobs created or retained that pay the applicable wages as established in Iowa Code section 15.329(1)*"c"* or 15.335C and the amount of qualifying investment. The amount of tax incentives is subject to negotiations based on the factors identified in subrule 68.3(5). The maximum possible award is based on the following schedule:

a. The business is required to maintain the base employment level, but no high quality jobs are created or retained and economic activity is furthered by the qualifying investment. For purposes of this paragraph, "economic activity" means a modernization project that will result in increased skills and wages for the current employees.

(1) Less than $100,000 in qualifying investment. Investment tax credit or insurance premium tax credit of up to 1 percent.

(2) $100,000 to $499,999 in qualifying investment.

1. Investment tax credit or insurance premium tax credit of up to 1 percent.
2. Sales and use tax refund or third-party developer tax credit, or both, if applicable.

(3) $500,000 or more in qualifying investment.

1. Investment tax credit or insurance premium tax credit of up to 1 percent.
2. Sales and use tax refund or third-party developer tax credit, or both, if applicable.
3. Research activities credit.

b. One to five high quality jobs are created or retained.

(1) Less than $100,000 in qualifying investment. Investment tax credit or insurance premium tax credit of up to 2 percent.

(2) $100,000 to $499,999 in qualifying investment.

1. Investment tax credit or insurance premium tax credit of up to 2 percent.
2. Sales and use tax refund or third-party developer tax credit, or both, if applicable.

(3) $500,000 or more in qualifying investment.

1. Investment tax credit or insurance premium tax credit of up to 2 percent.
2. Sales and use tax refund or third-party developer tax credit, or both, if applicable.
3. Research activities credit.

c. Six to ten high quality jobs are created or retained.

(1) Less than $100,000 in qualifying investment. Investment tax credit or insurance premium tax credit of up to 3 percent.

(2) $100,000 to $499,999 in qualifying investment.

1. Investment tax credit or insurance premium tax credit of up to 3 percent.
2. Sales and use tax refund or third-party developer tax credit, or both, if applicable.

(3) $500,000 or more in qualifying investment.

1. Investment tax credit or insurance premium tax credit of up to 3 percent.
2. Sales and use tax refund or third-party developer tax credit, or both, if applicable.
3. Research activities credit.

d. 11 to 15 high quality jobs are created or retained.

(1) Less than $100,000 in qualifying investment. Investment tax credit or insurance premium tax credit of up to 4 percent.

(2) $100,000 to $499,999 in qualifying investment.

1. Investment tax credit or insurance premium tax credit of up to 4 percent.
2. Sales and use tax refund or third-party developer tax credit, or both, if applicable.

(3) $500,000 or more in qualifying investment.

1. Investment tax credit or insurance premium tax credit of up to 4 percent.
2. Sales and use tax refund or third-party developer tax credit, or both, if applicable.
3. Research activities credit.

e. 16 to 30 high quality jobs are created or retained.

(1) Less than $100,000 in qualifying investment. Investment tax credit or insurance premium tax credit of up to 5 percent.

(2) $100,000 to $499,999 in qualifying investment.

1. Investment tax credit or insurance premium tax credit of up to 5 percent.
2. Sales and use tax refund or third-party developer tax credit, or both, if applicable.

(3) $500,000 or more in qualifying investment.

1. Investment tax credit or insurance premium tax credit of up to 4 percent.
2. Sales and use tax refund or third-party developer tax credit, or both, if applicable.
3. Research activities credit.

f. 31 to 40 high quality jobs are created or retained.

(1) $10 million or more in qualifying investment.

1. Investment tax credit or insurance premium tax credit of up to 6 percent.

2. Sales and use tax refund or third-party developer tax credit, or both, if applicable.
3. Research activities credit.
4. Value-added property tax exemption.
(2) Reserved.
g. 41 to 60 high quality jobs are created or retained.
(1) $10 million or more in qualifying investment.
1. Investment tax credit or insurance premium tax credit of up to 7 percent.
2. Sales and use tax refund or third-party developer tax credit, or both, if applicable.
3. Research activities credit.
4. Value-added property tax exemption.
(2) Reserved.
h. 61 to 80 high quality jobs are created or retained.
(1) $10 million or more in qualifying investment.
1. Investment tax credit or insurance premium tax credit of up to 8 percent.
2. Sales and use tax refund or third-party developer tax credit, or both, if applicable.
3. Research activities credit.
4. Value-added property tax exemption.
(2) Reserved.
i. 81 to 100 high quality jobs are created or retained.
(1) $10 million or more in qualifying investment.
1. Investment tax credit or insurance premium tax credit of up to 9 percent.
2. Sales and use tax refund or third-party developer tax credit, or both, if applicable.
3. Research activities credit.
4. Value-added property tax exemption.
(2) Reserved.
j. 101 or more high quality jobs are created or retained.
(1) $10 million or more in qualifying investment.
1. Investment tax credit or insurance premium tax credit of up to 10 percent.
2. Sales and use tax refund or third-party developer tax credit, or both, if applicable.
3. Research activities credit.
4. Value-added property tax exemption.
(2) Reserved.

[**ARC 8145C**, IAB 7/24/24, effective 8/28/24]

261—68.5(15) Project completion assistance.

68.5(1) *Awards and negotiations.* The authority may award project completion assistance, in the form of a loan or forgivable loan or combination of both, to a business that meets the eligibility requirements of the program. All award determinations are subject to the requirements of Iowa Code section 15.335B(3). The board, with the assistance of authority staff, will determine the appropriate amount of project completion assistance, and the board will make a good-faith effort to provide only the amount of incentives and assistance necessary to facilitate the project's successful completion. The amount, type, and terms of the assistance provided typically vary according to the needs of each project, and each award is subject to negotiation. The board and the authority will strive to treat similarly situated applicants in a like manner. However, the amount, type, and terms of project completion assistance most appropriate for a given project are necessarily dependent on many factors, and awards of project completion assistance shall be entirely at the discretion of the board.

68.5(2) *Factors affecting the amount, type, and terms of project completion assistance.* When determining an award of project completion assistance, the board, with the assistance of authority staff, typically considers the following factors:

a. The fiscal impact ratio of the project.

b. Whether the amount of assistance to be awarded is appropriate to the number of jobs that will be created.

c. The availability of funding.

d. Whether other forms of assistance, including tax incentives, are available.

e. The project's level of need, including whether the local community and the private sector are also contributing to the success of the project.

f. The total amount of funds from other sources that can be leveraged.

g. The quality of the project.

[**ARC 8145C**, IAB 7/24/24, effective 8/28/24]

261—68.6(15) Agreements and compliance.

68.6(1) *Execution.* Successful applicants will be required to execute an agreement with the authority within 180 days of the award date. The time limit for execution may be extended by the authority director for an additional 180 days for good cause shown. Upon expiration of the time limit, including any extensions approved pursuant to this subrule, the board may approve additional extensions or rescind the award.

68.6(2) *Requirements.* An agreement shall meet all requirements of and be administered pursuant to Iowa Code sections 15.330 and 15.330A.

68.6(3) *Jobs.* An agreement will specify the number of jobs the business has pledged to create in addition to the base employment level and the number of retained jobs, if applicable. If the project is a modernization project or retention-only project, the business shall maintain the base employment level. Job obligations will be established and monitored pursuant to rule 261—68.7(15).

68.6(4) *Investment.* An agreement will describe the project and specify the investment the business proposes to make.

68.6(5) *Project completion date.* An agreement will specify the project completion date. The project completion date will be the date on which a program recipient has agreed to meet all the terms and obligations contained in an agreement with the authority, including but not limited to completing the project and creating or retaining jobs. The project completion period will be at least three years. The project completion date is calculated by the authority from the end of the month during which an award is made. For example, if an award is made on June 13, 2023, the three-year project completion date will be calculated from June 30, 2023. The project completion date for this award would be June 30, 2026.

68.6(6) *Maintenance period completion date.* An agreement will specify the maintenance period completion date. The maintenance period completion date will be used to establish the period during which the project, the created jobs, if any, and the retained jobs must be maintained. A modernization project shall maintain the base employment level through the maintenance period completion date. The total contract length, including the maintenance period, will be at least five years.

68.6(7) *Conditions to disbursement.* An agreement will specify the conditions to disbursement of project completion assistance funds or issuance of a tax credit certificate, including but not limited to compliance with the requirements of Iowa Code section 15A.1(3)*"b"* regarding solid and hazardous waste.

68.6(8) *Monitoring and reports.* The authority shall ensure that program recipients comply with contracts entered into pursuant to this rule. An agreement will specify the reports a program recipient must submit to the authority and due dates for such reports. Reports shall be provided in form and content acceptable to the authority.

a. Recipients shall report annually to the authority about the status of the funded project, including but not limited to employment, wages, benefits, project costs, capital investment, and compliance with the contract. The authority will use the data it collects in the authority's annual report to the general assembly.

b. Recipients shall submit a report to the authority following the project completion date and the maintenance period completion date to verify compliance with the agreement. On-site or remote monitoring may be conducted following the project completion date as deemed appropriate by the authority. On-site or remote monitoring may be conducted following the maintenance period completion date as deemed appropriate by the authority.

68.6(9) *Default.* An agreement will specify events of default and the remedies available to the authority.

a. Project completion assistance. If the authority determines that a recipient is in default, the authority may seek recovery of all project completion assistance funds plus interest; assess penalties; negotiate alternative repayment schedules; initiate, suspend or discontinue collection efforts; and take other

appropriate action as the board deems necessary. Negotiated settlements, write-offs or discontinuance of collection efforts are subject to approval by the board. If the authority or board refers defaulted contracts to outside counsel for collection, then the terms of the agreement between the authority and the outside counsel regarding scope of counsel's authorization to accept settlements shall apply.

b. Tax incentives. If the authority determines that a recipient is in default, the authority may seek recovery of all state tax incentives by notifying the department of revenue of the event of default and the required repayment amount. The repayment amount is subject to applicable interest and penalties as determined by the department of revenue. The department of revenue will undertake collection efforts. If the business is an entity that has elected pass-through taxation status for income tax purposes, the department of revenue may undertake collection efforts against members, individuals, or shareholders to whom the tax incentives were passed through. If the agreement provided for local tax incentives, the authority will notify the community that provided incentives.

c. Calculation of repayment due or reduction of incentives.

(1) Job shortfall. If a business does not meet its job requirements, the repayment amount or reduction of incentives shall be the same proportion as the amount of the job shortfall. For example, if the business creates 50 percent of the jobs required, the business shall repay 50 percent of the incentives received or incentives will be reduced by 50 percent.

(2) Capital investment shortfall. If a business does not meet the capital investment requirement, the repayment amount or reduction of incentives shall be the same proportion as the amount of the shortfall in required capital investment. For example, if the business meets 75 percent of the amount of required capital investment, the business shall repay 25 percent of the amount of the incentives received or incentives will be reduced by 25 percent.

(3) Job and capital investment shortfalls. If a business has a shortfall in both capital investment and job requirements, the repayment amount or reduction of incentives shall be the same proportion as the greater of the two shortfalls. For example, if a business creates 50 percent of the required jobs and meets 75 percent of the required capital investment, the business shall be required to repay 50 percent of the amount of the incentives received or incentives will be reduced by 50 percent.

(4) Benefits. Notwithstanding any other provision in this subrule, if a business fails to comply with the benefit requirements of the agreement, the business shall be required to repay all of the incentives received or incentives will be fully revoked.

(5) Minimum eligibility. Notwithstanding any other provision in this subrule, if a business fails to maintain eligibility for the program, the business shall repay all of the incentives received or incentives will be fully revoked.

d. Notice of default. The authority will notify a business and, if applicable, the community of an event of default as described in the agreement.

68.6(10) *Amendments.* Agreement amendments must comply with Iowa Code chapter 15, subchapter II, part 13, and this chapter. Participating businesses may submit requests for amendments to authority staff.

a. Except as provided in paragraph 68.6(10)*"b,"* no request to amend an agreement may be approved unless it has been reviewed by the due diligence committee established pursuant to 261—subrule 1.3(7), the due diligence committee has recommended approving the request to amend the agreement, and the board approves the request to amend the agreement.

b. Authority staff may approve nonsubstantive changes, including but not limited to the following:

(1) Recipient name, address and similar changes.

(2) Collateral changes that do not materially and substantially impact the authority's security.

(3) Line item budget changes that do not reduce overall total project costs.

(4) Loan repayment amounts or due dates that do not extend the final due date of a loan.

(5) Changes to tax credit amortization schedules.

[**ARC 8145C**, IAB 7/24/24, effective 8/28/24]

261—68.7(15) Job counting.

68.7(1) *Overview.* The authority will count created and retained jobs using a base employment analysis comparing the base employment level to employment at another date. The business's base employment level will be established at the time of application for the program. The number of jobs

the business has pledged to create shall be in addition to the base employment level. Retained jobs may be included in the base employment level as established at the time of approval.

68.7(2) *Base employment level.*

a. Base employment level will include the number of full-time equivalent positions employed at the project location. If the project occurs at more than one physical location, the business's base employment level will include the total number of full-time equivalent positions working at the identified locations. Base employment level may include the business's full-time equivalent positions as identified by the authority who are employed in this state but are not employed at the project location.

b. If a business receives multiple awards for projects at the same location, the base employment level will be calculated by using the payroll document from the oldest award that is open. Job obligations from each new award will be added to this base employment level.

c. The authority will collect payroll documents to calculate and verify base employment level used in each award. Payroll documents must include a name or employee identification number and the hourly rate of pay for all full-time equivalent positions.

d. If the base employment level includes retained jobs, the authority will require a business to verify that a job is at risk. Such verification may include the signed statement of an officer of the business, documentation that the business is actively exploring other sites for the project, or any other information the authority may reasonably require during the application review process to establish that a job is at risk.

68.7(3) *Verification.* At the project completion date, during the maintenance period, and following the maintenance period completion date, payroll documents will be used to calculate and verify compliance with job obligations. The person who submits the documents must, under penalty of perjury, verify that the information contained in the documents is true and correct.

68.7(4) *Full-time equivalent positions.* Only a full-time equivalent position filled by an individual will be considered an employee of the business for the purpose of establishing the base employment level, retained jobs, or created jobs. The authority will not consider "job sharing" or any other means of aggregation or combination of hours worked by more than one natural person in counting jobs. The authority will verify that full-time equivalent positions constitute the employment of one person for:

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

b. 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.

If employees at the facility do not typically work 40 hours per week, the business will be required to provide documentation outlining what the business considers a full-time workweek and how the business's interpretation fits within the norms of its industry standards. Whether to accept this interpretation is within the sole discretion of the authority.

68.7(5) *Contract employees.* A business's leased or contract employee may be included in the base employment level, as a created job, or as a retained job only if the following requirements are met:

a. The business receiving the tax incentives or project completion assistance has a legally binding contract with a third-party provider to provide the leased or contract employee.

b. The contract between the third-party provider and the business specifically requires the third-party provider to pay the wages and benefits at the levels required and for the time period required by the authority as conditions of the award to the business.

c. The contract between the third-party provider and the business specifically requires the third-party provider to submit payroll records to the authority, in form and content and as frequently as required by the authority, for purposes of verifying that the business's job creation/retention and benefit requirements are being met.

d. The contract between the third-party provider and the business specifically authorizes the authority, or its authorized representatives, to access the third-party provider's records related to the funded project.

e. The business receiving the tax incentives or project completion assistance agrees to be contractually liable to the authority for the performance or nonperformance of the third-party provider.

68.7(6) *Remote employees.* Employees with a reasonable connection to a project location who work remotely may be included in the base employment level, as a created job, or as a retained job as established by the authority at the time of application. To determine whether employees who work remotely should be included, the authority will consider a business's policies on establishing remote work locations for employees, reporting structures, percentage of time worked at the project location, and the distance of employees' remote work locations from the project location. Only employees who work remotely within a defined geographic area established by the authority will be included. Whether an employee who works remotely is included in the base employment level, as a created job, or as a retained job pursuant to this subrule shall be solely within the discretion of the authority.

[**ARC 8145C**, IAB 7/24/24, effective 8/28/24]

261—68.8(15) Authority procedure for establishing wage requirements. Created or retained jobs shall meet the qualifying wage threshold requirements as established pursuant to this rule and as indicated in an agreement entered into pursuant to Iowa Code section 15.330. Jobs that do not meet the qualifying wage threshold requirements will not be counted toward a business's job creation or job retention obligations.

68.8(1) The authority will update the qualifying wage thresholds annually each fiscal year. The thresholds will take effect on September 1 of each fiscal year and remain in effect until August 31 of the following fiscal year. If the authority determines that the laborshed wage of a laborshed area would increase by more than one dollar per hour, the authority will limit the increase to the qualifying wage threshold for that laborshed area for that annual update to one dollar per hour.

68.8(2) The authority will calculate the laborshed wage as follows:

a. The most current covered wage and employment data available from the department of workforce development will be used.

b. The wage will be computed as a mean wage figure and represented in terms of an hourly wage rate.

c. Only the wages paid by employers for jobs performed within the first two zones of a laborshed area will be included.

d. The wages paid by employers in the following categories will be excluded from the calculation: government, retail trade, health care and social assistance, and accommodations and food service. The wages paid by employers in all other categories will be included in the calculation.

e. To the extent that a laborshed area includes zip codes from states other than Iowa, the wages paid by employers in those zip codes may be included if the department of workforce development has finalized a data-sharing agreement with the state in question and has received the necessary data.

f. Only those wages within two standard deviations from the mean wage will be included.

68.8(3) For the purposes of establishing wage requirements, the authority may designate a county that does not meet at least three of the criteria listed in Iowa Code section 15.335C(1) as an economically distressed area if a business located in the county experiences a layoff or a closure that has a significant impact on a community within the county.

a. Factors the authority will consider in determining whether a layoff or closure has a significant impact on a community within the county include but are not limited to total number of employees impacted; percentage of the applicable laborshed impacted; number of employees impacted as a percentage of population; current unemployment rate; and unemployment rate, including the employees affected by a layoff or closure.

b. A city or county shall request designation of a county as an economically distressed area, pursuant to this subrule, in writing. Such requests are subject to approval by the board. Requests may be made simultaneously with a project application that would qualify for a lower qualifying wage threshold requirement pursuant to this subrule if the request is approved.

68.8(4) The authority will update the list of economically distressed areas, including those designated pursuant to subrule 68.8(3), according to the same schedule as the qualifying wage thresholds are updated pursuant to subrule 68.8(1). Designations of economically distressed areas will apply in the same manner as wage thresholds are applied as described in subrule 68.3(2).

68.8(5) The authority may consult with the brownfield redevelopment advisory council established pursuant to Iowa Code section 15.294 in order to make a determination as to whether a project site is a brownfield site or a grayfield site for purposes of determining wage requirements. The determination as to whether a project site qualifies as a brownfield site or a grayfield site shall be within the discretion of the authority. In making such determinations, to the extent it is possible to do so, the authority will apply the same definition in substantially the same manner as similar definitions are applied by the brownfield redevelopment advisory council. A project that is not a brownfield site or a grayfield site will be presumed to be a greenfield site.

68.8(6) To determine the wages paid to the employees of an eligible business, the authority will include only monetary compensation, represented in terms of an hourly rate, paid by an employer to an employee for work or services provided, typically on a weekly or biweekly basis. The wage will not include nonregular forms of compensation, such as bonuses, unusual overtime pay, commissions, stock options, pensions, retirement or death benefits, unemployment benefits, life or other insurance, or other fringe benefits.

[**ARC 8145C**, IAB 7/24/24, effective 8/28/24]

261—68.9(15) Authority procedure for establishing investment requirements.

68.9(1) *Capital investment.* The authority reports on the amount of capital investment involved with funded projects. This rule lists the categories of expenditures that are included when the authority determines the amount of capital investment associated with a project.

68.9(2) *Qualifying investment for tax credit programs.* Minimum investment thresholds must be met for the project to be considered to receive an award. Not all expenditures count toward meeting the investment threshold. This rule identifies the categories of expenditures that can be included when the amount of investment is calculated for purposes of meeting program eligibility threshold requirements.

68.9(3) *Investment qualifying for tax credits.* Not all of the expenditures categories used to calculate the investment amount needed to meet program threshold requirements qualify for purposes of claiming the tax credits. The following table identifies the expenditures that do not qualify for tax credits.

	Capital Investment[1]	Qualifying Investment[2]	Investment Qualifying for Tax Credits[3]
Land acquisition	Yes	Yes	Yes
Site preparation	Yes	Yes	Yes
Building acquisition	Yes	Yes	Yes
Building construction	Yes	Yes	Yes
Building remodeling	Yes	Yes	Yes
Mfg. machinery & equip.	Yes	Yes	Yes
Other machinery & equip.	Yes	No	No
Racking, shelving, etc.	Yes	No	No
Computer hardware	Yes	Yes	Yes
Computer software	No	No	No
Furniture & fixtures	Yes	Yes	No
Working capital	No	No	No
Research & development	No	No	No
Job training	No	No	No
Capital or synthetic lease	No	Yes	Yes
Rail improvements[4]	Yes	Yes	Yes
Public infrastructure[5]	Yes	Yes	Yes

[1] "Capital investment" is used to calculate project investment on depreciable assets.

[2] "Qualifying investment" is used to determine eligibility for the program.

[3] "Investment qualifying for tax credits" is used to calculate the maximum available tax credit award for a project.

[4] "Rail improvements" includes hard construction costs for rail improvements. (These costs are included as part of construction or site preparation costs.)

[5] "Public infrastructure" includes any publicly owned utility service, such as water, sewer, storm sewer or roadway construction and improvements. (These costs are included as part of construction costs.)

[**ARC 8145C**, IAB 7/24/24, effective 8/28/24]

These rules are intended to implement Iowa Code chapter 15, subchapter II, part 13, and section 15A.1.

[Filed emergency 7/7/05—published 8/3/05, effective 7/7/05]
[Filed 10/21/05, Notice 8/3/05—published 11/9/05, effective 12/14/05]
[Filed emergency 7/19/06—published 8/16/06, effective 7/19/06]
[Filed 9/22/06, Notice 8/16/06—published 10/11/066, effective 11/15/06]
[Filed emergency 6/15/07—published 7/4/07, effective 6/15/07]
[Filed 8/22/07, Notice 7/4/07—published 9/26/07, effective 10/31/07]
[Filed emergency 10/16/08—published 11/5/08, effective 10/16/08]
[Filed ARC 7557B (Notice ARC 7315B, IAB 11/5/08), IAB 2/11/09, effective 3/18/09]
[Filed Emergency ARC 7970B, IAB 7/15/09, effective 7/1/09]
[Filed ARC 8145B (Notice ARC 7971B, IAB 7/15/09), IAB 9/23/09, effective 10/28/09]
[Filed ARC 0442C (Notice ARC 0293C, IAB 8/22/12), IAB 11/14/12, effective 12/19/12]
[Filed ARC 1801C (Notice ARC 1628C, IAB 9/17/14), IAB 12/24/14, effective 1/28/15]
[Filed ARC 3385C (Notice ARC 2996C, IAB 3/29/17), IAB 10/11/17, effective 11/15/17]
[Filed ARC 6188C (Notice ARC 6046C, IAB 11/17/21), IAB 2/9/22, effective 3/16/22]
[Filed ARC 8145C (Notice ARC 7937C, IAB 5/15/24), IAB 7/24/24, effective 8/28/24]

CHAPTER 69
BUSINESS INCENTIVES FOR GROWTH (BIG) PROGRAM

Chapter rescission date pursuant to Iowa Code section 17A.7: 1/28/31

261—69.1(15) Definitions. For purposes of this chapter, unless the context otherwise requires:

"Agreement" means an agreement entered into pursuant to Iowa Code section 15.506 as enacted by 2025 Iowa Acts, Senate File 657.

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

"Award date" means the date the board approved an application for financial assistance or tax incentives.

"Base employment level" means the same as defined in Iowa Code section 15.503 as enacted by 2025 Iowa Acts, Senate File 657.

"Benefits" means the same as defined in Iowa Code section 15.503 as enacted by 2025 Iowa Acts, Senate File 657.

"Board" means the same as defined in Iowa Code section 15.102.

"Business" means a sole proprietorship, partnership, corporation, or other business entity organized for profit under the laws of the state of Iowa or another state, under federal statutes, or under the laws of another country.

"Community" means the same as defined in Iowa Code section 15.503 as enacted by 2025 Iowa Acts, Senate File 657.

"Contract end date" means the date on which an agreement ends.

"Created job" means the same as defined in Iowa Code section 15.503 as enacted by 2025 Iowa Acts, Senate File 657.

"Data center business" means the same as defined in Iowa Code section 423.3(95).

"Eligible business" means a business that meets the requirements of Iowa Code section 15.504 as enacted by 2025 Iowa Acts, Senate File 657.

"Financial assistance" means the same as defined in Iowa Code section 15.511 as enacted by 2025 Iowa Acts, Senate File 657.

"Full-time equivalent position" means the same as defined in Iowa Code section 15.503 as enacted by 2025 Iowa Acts, Senate File 657.

"Laborshed area" means the geographic area surrounding an employment center from which the employment center draws its commuting workers as defined by the department of workforce development.

"Placed in service" means in a condition or state of readiness and availability for a specifically assigned function.

"Program" means the same as defined in Iowa Code section 15.503 as enacted by 2025 Iowa Acts, Senate File 657.

"Project" means the same as defined in Iowa Code section 15.503 as enacted by 2025 Iowa Acts, Senate File 657.

"Project completion date" means the same as defined in Iowa Code section 15.503 as enacted by 2025 Iowa Acts, Senate File 657.

"Qualifying investment" means the same as defined in Iowa Code section 15.503 as enacted by 2025 Iowa Acts, Senate File 657.

"Qualifying wage threshold" means the same as defined in Iowa Code section 15.503 as enacted by 2025 Iowa Acts, Senate File 657.

"Retained job" means the same as defined in Iowa Code section 15.503 as enacted by 2025 Iowa Acts, Senate File 657.

"Retention-only project" means a project that involves only retained jobs.

"Tax incentive" means a sales and use tax refund approved pursuant to Iowa Code section 15.507 as enacted by 2025 Iowa Acts, Senate File 657; a qualifying investment tax credit approved pursuant to Iowa Code section 15.508 as enacted by 2025 Iowa Acts, Senate File 657; or a combination of both.

"Total project cost" means the total cost incurred by an eligible business to complete a project, including but not limited to qualifying investment, as identified in an agreement.
[**ARC 9858C**, IAB 12/24/25, effective 1/28/26]

261—69.2(15) Eligibility requirements.

69.2(1) *Community approval.* Community approval of the project by ordinance or resolution is required as specified in Iowa Code section 15.504 as enacted by 2025 Iowa Acts, Senate File 657.

69.2(2) *Eligible businesses.*

a. For the purposes of determining whether a business is an eligible business type pursuant to Iowa Code section 15.504(1)*"b"* as enacted by 2025 Iowa Acts, Senate File 657, "retail business" means any business primarily engaged in the business of sale at retail of tangible personal property or taxable services in this state or online. "Sale at retail" means the same as defined in Iowa Code section 423.1(46). A business obligated to collect sales or use tax under Iowa Code chapter 423 may be an ineligible retail business.

b. A service business is not eligible for the program unless a significant proportion of its sales, as determined by the authority, are outside this state.

c. A business shall provide evidence that the business's primary operations are in a qualifying industry pursuant to Iowa Code section 15.504(1)*"b"* as enacted by 2025 Iowa Acts, Senate File 657. Such evidence may include but is not limited to whether the business has a North American industry classification system (NAICS) number aligned with the relevant industries as determined by the authority. Businesses with other NAICS numbers will be required to document to the authority's satisfaction that the business is primarily engaged in an applicable industry identified in Iowa Code section 15.504(1)*"b"* as enacted by 2025 Iowa Acts, Senate File 657, based on factors including but not limited to sources of revenue and customer base.

d. A business shall demonstrate it is not a data center business that is ineligible for the program pursuant to Iowa Code section 15.504(1)*"b"* as enacted by 2025 Iowa Acts, Senate File 657.

e. A foreign business shall demonstrate that it is not associated with a foreign adversary or foreign adversary entity. For the purposes of this paragraph, the following definitions apply:

(1) "Foreign business" means the same as defined in Iowa Code section 9I.1.

(2) "Foreign adversary" means a foreign government or foreign non-government person as determined in 15 CFR §7.4 or 15 CFR §791.4 at any time on March 4, 2024, and that is listed in 15 CFR §7.4(a) or 15 CFR §791.4(a) at any time from March 4, 2024.

(3) "Foreign adversary entity" means a foreign business subject to the jurisdiction of or organized under the laws of a foreign adversary or a foreign business owned, directed, or controlled by a foreign adversary.

69.2(3) *Relocations and reductions in operations.* The authority will determine whether a business is ineligible due to a relocation or reduction in operations pursuant to Iowa Code section 15.504(1)*"c"* as enacted by 2025 Iowa Acts, Senate File 657. For the purposes of this subrule, "reduction in operations" includes but is not limited to a layoff during the 12 months before an application is submitted to the authority.

69.2(4) *Determination of sufficient benefits.* The business shall offer a sufficient package of benefits to each full-time equivalent position included in the business's base employment level and to each full-time equivalent position at the project location until the contract end date. The benefits package provided shall meet the criteria established by the board. The board will periodically approve such criteria to reflect the most current benefits package typically offered by employers. The criteria established by the board may include but not be limited to premium percentages to be paid by the business, deductible amounts, and other such criteria as determined necessary to the evaluation of benefits offered by a business.

69.2(5) *Violations of law.* The authority will address violations of law as described in Iowa Code section 15.504(1)*"e"* as enacted by 2025 Iowa Acts, Senate File 657.

69.2(6) *Sufficient economic impact.* The business shall demonstrate that the project has a sufficient economic impact as described in Iowa Code section 15.504(2)*"b"* as enacted by 2025 Iowa Acts, Senate File 657.

69.2(7) *Created and retained jobs.* The jobs created or retained by a business shall pay the applicable wages as established in rule 261—69.9(15).

69.2(8) *Applicant's past or current performance.* If an applicant received a prior award or other benefit through any program administered by the authority or any other state agency, the authority and board will consider the applicant's past or current performance under the prior award or benefit.

69.2(9) *Results of due diligence review.* The authority will complete a due diligence review, including but not limited to lien searches, reports of violations, pending or resolved litigation, and other relevant information about the applicant. The authority will determine whether a business is ineligible due to the results of the review.

69.2(10) *Other factors.* The authority shall consider any applicable additional factors pursuant to Iowa Code section 15.504(2) as enacted by 2025 Iowa Acts, Senate File 657, to determine whether a business is an eligible business.

69.2(11) *Ineligible projects.*

a. The following activities are presumed by the authority to lack sufficient economic impact to accomplish the goals of the program and are not eligible for the program pursuant to Iowa Code section 15.504(2)*"b"* as enacted by 2025 Iowa Acts, Senate File 657.

(1) Facility maintenance, and

(2) Replacement or upgrades of equipment occurring in the normal course of business.

b. A project representing solely acquisition of a business as a going concern that does not include creation or retention of jobs and qualifying investment at the acquired business facility is not eligible for the program. A qualified project that occurs following acquisition of a business as a going concern may be eligible for the program.

c. If the qualifying investment for a project includes long-term lease costs, the project is not eligible for the program unless the proposed lease is for a term of at least ten years.

69.2(12) *Project initiation.* An eligible business shall not initiate its project prior to board approval of the business's application for the program unless the business establishes that a delay in initiating the project would result in undue hardship or that extenuating circumstances necessitate initiating the project prior to approval of the business's application. Whether an undue hardship or extenuating circumstance exists will be determined by the authority.

a. Any one of the following may indicate that a project has been initiated:

(1) The start of construction of new or expanded buildings;

(2) The start of rehabilitation of existing buildings;

(3) The purchase or leasing of existing buildings; or

(4) The installation of new machinery and equipment or new computers to be used in the operation of the business's project.

b. The following shall not indicate a project has been initiated:

(1) The purchase of land or signing of an option to purchase land;

(2) Earthmoving or other site development activities not involving actual building construction, expansion or rehabilitation; or

(3) Acquisition of a business as a going concern.

c. Any costs incurred prior to the award date are not eligible qualifying investment expenses.

[**ARC 9858C**, IAB 12/24/25, effective 1/28/26]

261—69.3(15) Application process and review.

69.3(1) *Application.* Businesses applying for the program shall utilize a standardized application developed by the authority and submit the application to the authority electronically.

69.3(2) *Community participation.* The application shall include an ordinance or resolution of the community's governing body approving the project. If applicable, the application shall also include documentation of any incentives or assistance to be provided by the community for the project.

69.3(3) *Water conservation and waste reduction plan.*

a. To determine whether a water conservation and waste reduction plan is required pursuant to Iowa Code section 15.505(1)*"b"* as enacted by 2025 Iowa Acts, Senate File 657, the authority will consider the following factors:

(1) The total anticipated water consumption and wastewater discharge for the project.

(2) The total capacity of applicable water provider facilities that will serve the project compared to the total anticipated water consumption for the project.

(3) Any information provided by the applicable water provider or local municipality about its ability or inability to accommodate the anticipated water consumption and wastewater discharge for the project.

(4) Any information provided by the department of natural resources (DNR) about the ability or inability of the applicable water provider to accommodate the anticipated water consumption and wastewater discharge for the project or that demonstrates that the applicant is not in good standing with DNR.

(5) Any other factors relevant to water consumption and wastewater management at the project facility.

b. If required, the water conservation and waste reduction plan required by Iowa Code section 15.505(1)*"b"* as enacted by 2025 Iowa Acts, Senate File 657, shall be submitted to the authority as an attachment to the standardized application developed by the authority. The plan should be developed by an employee or third-party provider with sufficient professional expertise to determine the anticipated water consumption and wastewater discharge for the project. The plan shall describe the impact of the project on the applicable water provider and the community or communities served by the applicable water provider and any measures to be taken by the business to mitigate its water consumption or wastewater discharge.

69.3(4) *Applicability of wage requirements.* The qualifying wage threshold applicable to a project is the threshold in effect on the date the fully completed project application is received by the authority. If such an application is received but not acted upon by the board before the qualifying wage thresholds are updated, the thresholds in effect on the date the application was received will remain in effect for a period of three months after the month the thresholds were updated. Qualifying wage thresholds will be calculated and applied as described in rule 261—69.9(15).

69.3(5) *Job requirements.* If applicable, the created job and retained job requirements applicable to a project, identified as described in rule 261—69.8(15), will be established at the time of application. Job requirements will be based on the base employment level on the date the fully completed project application is received by the authority and the eligible business's job projections and will be utilized to determine the amount of tax incentives and financial assistance.

69.3(6) *Investment requirements.* The investment requirements applicable to a project will be established at the time of application. Investment requirements are based on an eligible business's estimates of total project costs and qualifying investment and will be utilized to determine the amount of tax incentives and financial assistance. For the purposes of determining whether an expenditure is a qualifying investment as defined in Iowa Code section 15.503 as enacted by 2025 Iowa Acts, Senate File 657, the following are considered a capital investment in depreciable assets for use in the operation of an eligible business: machinery and equipment used in the manufacturing process, computer hardware, and furniture and fixtures. The following will not be considered a capital investment in depreciable assets for use in the operation of an eligible business: any other machinery and equipment, racking or shelving, computer software, and research and development.

69.3(7) *Board approval and notice.*

a. Authority staff will review applications to ensure program eligibility requirements are satisfied and the application is complete. Authority staff may request additional information from the business or may use other resources to obtain the needed information. The authority or board may engage outside reviewers to complete technical, financial, or other reviews of applications beyond the expertise of the board and authority staff. Negotiation of the terms of, and the aggregate value of, tax incentives and financial assistance will occur following review of an application by authority staff and will be based on the factors identified in rule 261—69.4(15).

b. Complete and eligible applications and supporting documentation will be submitted to the board for its consideration. The authority shall have sole discretion to determine whether an application is fully completed and the date on which it was fully completed. Authority staff will submit a report to the board that summarizes the project. The report will include recommendations from authority staff on the terms of, and the aggregate value of, tax incentives and, if applicable, financial assistance based on the factors

identified in rule 261—69.4(15) or any other elements of the proposed award. Staff may provide the board additional information or documentation as determined by staff. The board may offer an award that differs from that requested or recommended by authority staff. Meeting eligibility requirements does not guarantee that tax incentives or financial assistance will be offered or provided in the manner sought by the applicant.

c. The due diligence committee of the board established pursuant to 261—Chapter 1 will review applications and make recommendations regarding the size and conditions of awards. The board may accept or reject recommendations from the due diligence committee.

d. If the board approves an award, an applicant will be notified in writing, including any conditions and terms of the approval.

69.3(8) *Application fee.* An applicant for the program shall pay an application fee of one-half of 1 percent of the total amount of tax incentives and financial assistance recommended pursuant to paragraph 69.3(7)*"b,"* not to exceed $10,000, at the time an application is submitted to the board for its consideration. If the application fee has not been paid at the time of the board's approval of an application, the board may condition its approval on payment of the fee, including specifying the date by which the fee must be paid. If the board approves a total amount of tax incentives and financial assistance that is more or less than the amount recommended by authority staff, the fee will be adjusted accordingly. The authority may refund the fee if the award is declined or rescinded within 180 days of approval. If the award is declined or rescinded more than 180 days after approval, the fee will not be refunded.

[**ARC 9858C**, IAB 12/24/25, effective 1/28/26]

261—69.4(15) Award amounts and terms.

69.4(1) In negotiating the terms of, and the aggregate value of, tax incentives or financial assistance, the authority will consider a variety of factors, including but not limited to the following.

a. *Economic impact.* The extent to which an eligible business's proposed project demonstrates economic impact on the state based on the factors identified in Iowa Code section 15.504(2)*"b"* as enacted by 2025 Iowa Acts, Senate File 657.

b. *Level of need.* The following factors will determine the authority's assessment of need:

(1) Whether the business can raise only a portion of the debt and equity necessary to complete the project. The existence of a gap between the financing required and the committed financing indicates that tax incentives or financial assistance may be needed to fill the gap.

(2) Whether the likely returns of the project are inadequate to motivate a company decision maker to proceed with the project even if sufficient debt or equity can be raised to finance the project.

(3) Whether the business is deciding between an Iowa site and a site in another state for its project and the cost of completing the project at the out-of-state site is demonstrably lower. Such a condition indicates that tax incentives or financial assistance may be needed to equalize the cost differential between the two sites. The authority will attempt to quantify the cost differential between the sites.

c. *Quality of the jobs.* The extent to which the jobs involved in the project are considered higher quality jobs is based on factors, including but not limited to wages; quality of benefits; requirements for specialized skills, education, or both; whether the jobs or applicable industry are expected to have low turnover of employees; and whether the jobs expose employees to minimal occupational hazards.

d. *Created jobs.* In addition to the number of created jobs, the authority may consider:

(1) The number of created jobs that meet or exceed the qualifying wage threshold relative to the total number of created jobs.

(2) The number of created jobs relative to an eligible business's base employment level.

(3) The number of created jobs relative to the population and employment levels of the community in which the project is located.

e. *Community contributions.* Whether and to what extent the community in which the project is located is contributing to the success of the project through incentives or assistance.

69.4(2) Eligible businesses that do not propose to create any jobs, including eligible businesses that propose retention-only projects, will receive lower award amounts compared to amounts awarded to eligible businesses that propose to create jobs. The authority may establish award terms specific to projects that do not propose to create jobs.

69.4(3) Eligible businesses that propose a qualifying investment that includes long-term lease costs must demonstrate sufficient economic impact by proposing to create jobs.

69.4(4) Only projects that demonstrate extensive economic impact will be awarded the maximum amounts of tax incentives allowed pursuant to Iowa Code section 15.505(3)*"a"* as enacted by 2025 Iowa Acts, Senate File 657. Whether the project demonstrates extensive economic impact is within the sole discretion of the board.

69.4(5) In addition to the considerations in subrules 69.4(1) through 69.4(4), award negotiations may be impacted by the available amount of investment tax credits allocated pursuant to Iowa Code section 15.119(2) as amended by 2025 Iowa Acts, Senate File 657, or the amount of financial assistance available pursuant to Iowa Code section 15.111 as enacted by 2025 Iowa Acts, Senate File 657.

[**ARC 9858C**, IAB 12/24/25, effective 1/28/26]

261—69.5(15) Tax incentives. The authority may approve a business to receive any combination of applicable tax incentives allowed through the program pursuant to Iowa Code section 15.507 or 15.508 as enacted by 2025 Iowa Acts, Senate File 657. An approved business shall not claim a tax incentive in excess of the amount specified in an agreement.

69.5(1) *Property tax exemption.*

a. The authority will only approve a property tax exemption pursuant to Iowa Code section 15.510 as enacted by 2025 Iowa Acts, Senate File 657, if other tax incentives or financial assistance through the program are also approved.

b. If a community approves an exemption from taxation pursuant to Iowa Code section 15.510 as enacted by 2025 Iowa Acts, Senate File 657, the community shall provide the authority and the local assessor with a copy of the resolution adopted by the community's governing body that indicates the estimated value and duration of the authorized exemption.

69.5(2) *Investment tax credit—treatment of rent.* The annual base rent paid to a third-party developer by an approved business may be considered new investment for the purpose of an investment tax credit approved pursuant to Iowa Code section 15.508 as enacted by 2025 Iowa Acts, Senate File 657. Annual base rent incurred during the term of an agreement may be included as new investment. For the purposes of this subrule, "annual base rent" means the business's annual lease payment minus taxes, insurance and operating or maintenance expenses.

69.5(3) *Investment tax credit—issuance, amortization and claims.* The business must notify the authority that its project has been placed in service and document its total project cost, including its qualifying investment, to receive a tax credit certificate. A business shall not receive a tax credit certificate following the placement of a portion of its project in service unless such portion is approved by the authority at the time of application and specified in the agreement. The five-year amortization of a qualifying investment tax credit issued pursuant to Iowa Code section 15.508 as enacted by 2025 Iowa Acts, Senate File 657, shall begin no earlier than the year the credit is issued. Each amortized portion of the credit shall be claimed in the tax year it becomes available except to the extent an overpayment is credited to the immediately succeeding tax year.

[**ARC 9858C**, IAB 12/24/25, effective 1/28/26]

261—69.6(15) Financial assistance. The authority may award financial assistance pursuant to Iowa Code sections 15.111 and 15.511 as enacted by 2025 Iowa Acts, Senate File 657. Awards of financial assistance shall be entirely at the discretion of the board.

[**ARC 9858C**, IAB 12/24/25, effective 1/28/26]

261—69.7(15) Agreements and compliance.

69.7(1) *Execution.* Successful applicants will be required to execute an agreement within 180 days of the award date. The time limit for execution may be extended by the authority director for an additional 180 days for good cause shown. Upon expiration of the time limit, including any extensions approved pursuant to this subrule, the board may approve additional extensions or rescind the award.

69.7(2) *Requirements.* An agreement shall meet all requirements of and be administered pursuant to Iowa Code section 15.506 as enacted by 2025 Iowa Acts, Senate File 657.

69.7(3) *Jobs.* If applicable, an agreement will specify the number of jobs the business has pledged to create in addition to the base employment level and the number of retained jobs. An agreement may specify that a business has pledged additional jobs or pledged wage requirements greater than the qualifying wage threshold as a condition to receipt of an award or receipt of a specific amount or form of tax incentives or financial assistance. Job obligations will be established and monitored pursuant to rule 261—69.8(15).

69.7(4) *Investment.* An agreement will describe the project and specify the total project cost and qualifying investment the business proposes to make. The agreement will describe the actions to be taken by the business when its investment is placed in service.

69.7(5) *Project completion date.* An agreement will specify the project completion date and the applicable requirements that must be met by the project completion date.

69.7(6) *Contract end date.*

a. The authority will establish a contract end date based on the date the business is expected to have claimed all tax incentives and satisfied any repayment obligations for financial assistance. The contract end date may be earlier than the date specified in an agreement based on actual claims of tax incentives and satisfaction of any job, investment, or repayment obligations. The agreement will specify the applicable requirements that must be met by the contract end date.

b. The total agreement length will be at least two years.

c. An agreement may be terminated prior to the contract end date by mutual agreement of the parties. The amount of tax incentives or financial assistance available may be reduced as described in the agreement if the agreement is terminated prior to the contract end date.

69.7(7) *Conditions to disbursement.* An agreement will specify the conditions to disbursement of financial assistance or issuance of tax incentives, including but not limited to compliance with the requirements of Iowa Code section 15A.1(3)*"b"* regarding solid and hazardous waste.

69.7(8) *Monitoring and reports.* The authority shall ensure that program recipients comply with agreements. An agreement will specify the reports a program recipient must submit to the authority and due dates for such reports. Reports shall be provided in the form and content acceptable to the authority.

a. Recipients shall report annually to the authority about the status of the project, including but not limited to employment, wages, benefits, project costs, investment, and compliance with the agreement. The authority will use the data it collects in the authority's annual report to the general assembly pursuant to Iowa Code section 15.107B.

b. Recipients shall submit a report to the authority to document that the project investment and job obligations have been completed as proposed and prior to the contract end date to verify compliance with the agreement.

c. On-site or remote monitoring may be conducted during the agreement term as deemed appropriate by the authority.

69.7(9) *Default.* An agreement will specify events of default and the remedies available to the authority.

a. *Financial assistance.* If the authority determines that a recipient is in default, the authority may seek recovery of all financial assistance funds plus interest; assess penalties; negotiate alternative repayment schedules; initiate, suspend or discontinue collection efforts; and take other appropriate action as the board deems necessary. Negotiated settlements, write-offs or discontinuance of collection efforts are subject to approval by the board. If the authority or board refers defaulted agreements to outside counsel for collection, then the terms of the agreement between the authority and the outside counsel regarding the scope of counsel's authorization to accept settlements shall apply.

b. *Tax incentives.* If the authority determines that a recipient is in default, the eligible business may be required to repay tax incentives pursuant to Iowa Code section 15.506(1)*"b"* as enacted by 2025 Iowa Acts, Senate File 657. The repayment amount is subject to applicable interest and penalties as determined by the department of revenue. If the business is an entity that has elected pass-through taxation status for income tax purposes, the department of revenue may undertake collection efforts against members, individuals or shareholders to whom the tax incentives were passed through.

c. *Calculation of repayment due or reduction.*

(1) Job shortfall. If a business does not meet its job requirements, the repayment amount or reduction of tax incentives or financial assistance shall be the same proportion as the amount of the job shortfall. For example, if the business creates 50 percent of the jobs required, the business shall repay 50 percent of the tax incentives or financial assistance received, or tax incentives or financial assistance will be reduced by 50 percent.

(2) Investment shortfall. If a business does not meet the requirements for total project cost or qualifying investment, the repayment amount or reduction of tax incentives or financial assistance shall be the same proportion as the amount of the shortfall in applicable required investment. For example, if the business meets 75 percent of the amount of required qualifying investment, the business shall repay 25 percent of the amount of the tax incentives or financial assistance received, or tax incentives or financial assistance will be reduced by 25 percent. If a business has a shortfall in both total project cost and qualifying investment, the repayment amount or reduction shall be the same proportion as the greater of the two shortfalls.

(3) Job and investment shortfalls. If a business has a shortfall in both investment and job requirements, the repayment amount or reduction shall be the same proportion as the greater of the two shortfalls. For example, if a business creates 50 percent of the required jobs and meets 75 percent of the required qualifying investment, the business shall be required to repay 50 percent of the amount of the tax incentives or financial assistance received, or tax incentives or financial assistance will be reduced by 50 percent.

(4) Benefits. Notwithstanding any other provision in this subrule, if a business fails to comply with the benefit requirements of the agreement, the business shall be required to repay all of the tax incentives or financial assistance received, or tax incentives or financial assistance will be fully revoked.

(5) Minimum eligibility. Notwithstanding any other provision in this subrule, if a business fails to maintain eligibility for the program, the business shall repay all of the tax incentives or financial assistance received, or tax incentives or financial assistance will be fully revoked.

d. *Notice of default.* The authority will notify a business of an event of default as described in the agreement. If the community in which the project is located provided a property tax exemption pursuant to Iowa Code section 15.510 as enacted by 2025 Iowa Acts, Senate File 657, the authority will also notify the community of an event of default as described in the agreement.

69.7(10) *Amendments.* Agreement amendments must comply with Iowa Code chapter 15, subchapter II, part 33, as enacted by 2025 Iowa Acts, Senate File 657, and this chapter. Recipients may submit requests for amendments to authority staff.

a. Except as provided in paragraph 69.7(10)*"b,"* no request to amend an agreement may be approved unless it has been reviewed by the due diligence committee established pursuant to 261—Chapter 1, the due diligence committee has recommended approving the request to amend the agreement and the board approves the request to amend the agreement.

b. The board may delegate authority to authority staff to approve nonsubstantive changes to the agreement, including but not limited to the following:

(1) Recipient name, address and similar changes.

(2) Collateral changes that do not materially and substantially impact the authority's security.

(3) Line-item budget changes that do not reduce overall total project costs or qualifying investment.

(4) Loan repayment amounts or due dates that do not extend the final due date of a loan.

(5) Changes to tax credit amortization schedules.

(6) Extension of a project completion date or contract end date of up to 12 months.

[**ARC 9858C**, IAB 12/24/25, effective 1/28/26]

261—69.8(15) Job counting.

69.8(1) *Overview.* The authority will count created and retained jobs using a base employment analysis comparing the base employment level to employment on another date. The business's base employment level will be established at the time of application for the program. The number of jobs the business has pledged to create shall be in addition to the base employment level. Retained jobs may be included in the base employment level as established at the time of approval.

69.8(2) *Base employment level.*

a. Base employment level will include the number of full-time equivalent positions employed at the project location. If the project occurs at more than one physical location, the business's base employment level will include the total number of full-time equivalent positions working at the identified locations. Base employment level may include the business's full-time equivalent positions as identified by the authority that are based in this state but are not based at the project location.

b. If a business receives multiple awards for projects at the same location, including through the program or through the high quality jobs program administered pursuant to Iowa Code chapter 15, subchapter II, part 13, the base employment level will be calculated by using the payroll document from the oldest award that is open. Job obligations from each new award will be added to this base employment level.

c. The authority will collect payroll documents to calculate and verify the base employment level used in each award. Payroll documents must include a name or employee identification number and the hourly rate of pay for all full-time equivalent positions.

d. If the base employment level includes retained jobs, the authority will require a business to verify that a job is at risk. Such verification may include the signed statement of an officer of the business, documentation that the business is actively exploring other sites for the project, or any other information the authority may reasonably require during the application review process to establish that a job is at risk.

69.8(3) *Verification.* Payroll documents will be used to calculate and verify compliance with job obligations. The person who submits the documents must, under penalty of perjury, verify that the information contained in the documents is true and correct.

69.8(4) *Full-time equivalent positions.*

a. Only an individual filling a full-time equivalent position will be considered an employee of the business for the purpose of establishing the base employment level, retained jobs, or created jobs. The authority will not consider "job sharing" or any other means of aggregation or combination of hours worked by more than one natural person in counting jobs. The authority will verify that full-time equivalent positions constitute the employment of one person for:

(1) Eight 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.

b. If employees at the facility do not typically work 40 hours per week, the business will be required to provide documentation outlining what the business considers a full-time workweek and how the business's interpretation fits within the norms of its industry standards. Whether to accept this interpretation is within the sole discretion of the authority.

69.8(5) *Contract employees.* A business's leased or contract employee may be included in the base employment level as a created job or as a retained job only if the following requirements are met:

a. The business receiving the tax incentives or financial assistance has a legally binding contract with a third-party provider to provide the leased or contract employee.

b. The contract between the third-party provider and the business specifically requires the third-party provider to pay the wages and benefits at the levels required and for the time period required by the authority as conditions of the award to the business.

c. The contract between the third-party provider and the business specifically requires the third-party provider to submit payroll records to the authority, in the form and content and as frequently as required by the authority, for purposes of verifying that the business's job creation or retention and benefit requirements are being met.

d. The contract between the third-party provider and the business specifically authorizes the authority, or its authorized representatives, to access the third-party provider's records related to the funded project.

e. The business receiving the tax incentives or financial assistance agrees to be contractually liable to the authority for the performance or nonperformance of the third-party provider.

69.8(6) *Remote employees.* Employees in a position with a reasonable connection to a project location who work remotely may be included in the base employment level, as a created job, or as a retained job as established by the authority at the time of application. To determine whether employees who work remotely should be included, the authority will consider a business's policies on establishing remote work locations for employees, reporting structures, percentage of time worked at the project location, and the distance of employees' remote work locations from the project location. Only employees who work remotely within a defined geographic area established by the authority will be included. Whether an employee who works remotely is included in the base employment level, as a created job, or as a retained job pursuant to this subrule shall be solely within the discretion of the authority.

[**ARC 9858C**, IAB 12/24/25, effective 1/28/26]

261—69.9(15) Wage requirements. Created or retained jobs shall meet the qualifying wage threshold requirements as established pursuant to this rule and as indicated in an agreement. Jobs that do not meet the qualifying wage threshold requirements will not be counted toward a business's job creation or job retention obligations.

69.9(1) If the business is creating jobs, the business shall demonstrate that the jobs will pay at least 100 percent of the qualifying wage threshold by the contract end date. If the business is retaining jobs, the business shall demonstrate that the jobs will pay at least 120 percent of the qualifying wage threshold from the award date until the contract end date. The authority may establish a higher qualifying wage threshold requirement for a specific project if the quality of jobs is a significant factor in negotiating the award pursuant to rule 261—69.4(15).

69.9(2) The authority will update the qualifying wage thresholds annually each fiscal year. The thresholds will take effect on September 1 of each fiscal year and remain in effect until August 31 of the following fiscal year.

69.9(3) The authority will calculate the qualifying wage threshold as follows:

a. The most current covered wage and employment data available from the department of workforce development will be used.

b. The wage will be computed as a mean wage figure and represented in terms of an hourly wage rate.

c. Only the wages paid by employers for jobs performed within the first two zones of a laborshed area will be included.

d. The wages paid by employers in the following categories will be excluded from the calculation: government, retail trade, health care and social assistance, and accommodations and food service. The wages paid by employers in all other categories will be included in the calculation.

e. To the extent that a laborshed area includes zip codes from states other than Iowa, the wages paid by employers in those zip codes may be included if the department of workforce development has finalized a data-sharing agreement with the state in question and has received the necessary data.

f. Only those wages within two standard deviations of the mean wage will be included.

69.9(4) The authority may establish a qualifying wage threshold requirement lower than those designated pursuant to subrule 69.9(1) if a business located in the county experiences a layoff, closure, or natural disaster that has a significant impact on a community within the county.

a. Factors the authority will consider in determining whether a layoff, closure, or natural disaster has a significant impact on a community within the county include but are not limited to total number of employees impacted, percentage of the applicable laborshed impacted, number of employees impacted as a percentage of population, current unemployment rate, and unemployment rate including the employees affected by a layoff or closure.

b. A city or county shall request the designation of a county as an area that has experienced a significant impact pursuant to this subrule in writing. Such requests and the duration of the designation are subject to approval by the board. Requests may be made simultaneously with submission of a project application that would qualify for a lower qualifying wage threshold requirement pursuant to this subrule if the request is approved.

69.9(5) The authority maintains a list of areas qualifying for a lower wage threshold designated pursuant to subrule 69.9(4).

69.9(6) To determine the wages paid to the employees of an eligible business, the authority will include only monetary compensation, represented in terms of an hourly rate, paid by an employer to an employee for work or services provided, typically on a weekly or biweekly basis. The wage will not include nonregular forms of compensation, such as bonuses, unusual overtime pay, commissions, stock options, pensions, retirement or death benefits, unemployment benefits, life or other insurance, or other fringe benefits.

[**ARC 9858C**, IAB 12/24/25, effective 1/28/26]

These rules are intended to implement Iowa Code chapter 15, subchapter II, part 33, as enacted by 2025 Iowa Acts, Senate File 657, and section 15A.1.

[Filed ARC 9858C (Notice ARC 9608C, IAB 10/15/25), IAB 12/24/25, effective 1/28/26]

CHAPTER 70
PORT AUTHORITY GRANT PROGRAM

Rescinded **ARC 7056C**, IAB 8/9/23, effective 9/13/23

CHAPTER 71
TARGETED JOBS WITHHOLDING TAX CREDIT PROGRAM

Chapter rescission date pursuant to Iowa Code section 17A.7: 2/25/31

261—71.1(403) Definitions.

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

"Award date" means the date the board approved a withholding agreement.

"Base employment level" means the number of full-time equivalent positions at an employer as established by the authority and an employer using the employer's payroll records as of the date an employer applies for the program.

"Board" means the same as defined in Iowa Code section 15.102.

"Business" means the same as defined in Iowa Code section 403.19A.

"Countywide average wage" means the average that the authority calculates using the most current four quarters of wage and employment information as provided in the quarterly covered wage and employment data report as provided by the department of workforce development. Agricultural/mining and governmental employment categories are deleted in compiling the wage information.

"Created job" means a new, permanent, full-time equivalent position added to an employer's payroll in excess of the employer's base employment level.

"Employee" means the same as defined in Iowa Code section 403.19A.

"Employer" means the same as defined in Iowa Code section 403.19A.

"Employer's taxable capital investment" means a capital investment in real property, including but not limited to the purchase of land and existing buildings and building construction included in the project, that is subject to taxation by the local taxing authority.

"Full-time equivalent job" or *"full-time"* means a non-part-time position for the number of hours or days per week considered to be full-time work for the kind of service or work performed for an employer. Typically, a full-time equivalent position requires 2,080 hours of work in a calendar year, including all paid holidays, vacations, sick time, and other paid leave.

"Local financial support" or *"local match"* means the same as defined in Iowa Code section 403.19A(3)*"k"*(2). For the purposes of this definition, "cash" includes but is not limited to loans, forgivable loans or grants. For the purposes of this definition, "in-kind contributions" means contributions directly related to the project and includes but is not limited to the construction of private or public infrastructure or other amenities and improvements.

"Pilot project city" means the same as defined in Iowa Code section 403.19A.

"Project" means an activity or set of activities directly related to the start-up, location, modernization, or expansion of a business, and proposed in an application by a business, that will result in the accomplishment of the goals of the program.

"Qualifying investment" means the same as defined in Iowa Code section 403.19A. For purposes of this definition, "long-term lease costs" means those costs incurred or expected to be incurred under a lease during the duration of a withholding agreement, provided that the cumulative cost for that period does not exceed the cost of the land and the third-party developer's costs to build or renovate the building for the approved employer.

"Retained job" means the same as defined in Iowa Code section 403.19A. For the purposes of this definition, a position "at risk of elimination" includes a position that would be relocated out of state.

"Targeted job" means the same as defined in Iowa Code section 403.19A.

"Withholding agreement" means the same as defined in Iowa Code section 403.19A.

[**ARC 0001D**, IAB 1/21/26, effective 2/25/26]

261—71.2(403) Pilot project cities. Pursuant to Iowa Code section 403.19A(2), pilot project cities were identified by the authority based on applications received prior to October 1, 2006. The identified pilot project cities are:

1. Burlington.
2. Council Bluffs.

3. Fort Madison.
4. Keokuk.
5. Sioux City.

[**ARC 0001D**, IAB 1/21/26, effective 2/25/26]

261—71.3(403) Withholding agreements. The authority and a pilot project city may enter into a withholding agreement pursuant to Iowa Code section 403.19A. In addition to the items described in Iowa Code section 403.19A(3)*"d,"* a withholding agreement shall contain all of the following:

71.3(1) A list of all other incentives or financial assistance the employer has requested or is receiving from other federal, state, or local economic development programs, including loans, grants, forgivable loans, and tax credits.

71.3(2) The total amount of withholding tax credits awarded.

71.3(3) The total number of created jobs and retained jobs included in the project.

71.3(4) The required countywide average wage.

71.3(5) The total qualifying investment included in the project.

71.3(6) The total required matching local financial support for the project.

71.3(7) The term of the withholding agreement.

71.3(8) Any terms deemed necessary by the authority to effect compliance with the requirements of Iowa Code section 403.19A and this chapter.

[**ARC 0001D**, IAB 1/21/26, effective 2/25/26]

261—71.4(403) Project approval.

71.4(1) *Request for board approval form.* To request board approval of a proposed withholding agreement, an employer and pilot project city shall utilize a standardized application developed by the authority. The form will include but not be limited to the following:

a. A general description of the project, including how the pilot project city will utilize withholding funds generated by the project.

b. The employer's base employment level.

c. Information regarding the number of targeted jobs in the project, the wages of the targeted jobs, and the types of jobs created by the project.

d. A budget for the project, showing the total project cost, the amount of local matching funds committed to the project, and the amount of withholding funds the pilot project city will receive from the project.

e. A letter or resolution of support from the local government showing support for the project.

71.4(2) *Timing of submittal.* Requests for board approval of a proposed withholding agreement may be submitted at any time. The authority will review requests for approval of a proposed withholding agreement in as timely a manner as possible.

71.4(3) *Project initiation.* The authority will not accept applications for projects that have been initiated or will be initiated prior to board consideration of the employer's application for the program unless the employer establishes that not initiating the project prior to board consideration of the application would result in undue hardship or that extenuating circumstances necessitate initiating the project prior to board consideration of the employer's application for the program. Whether an undue hardship or extenuating circumstance exists will be determined by the authority.

a. Any one of the following may indicate that a project has been initiated:

(1) The start of construction of new or expanded buildings;

(2) The start of rehabilitation of existing buildings;

(3) The purchase or leasing of existing buildings; or

(4) The installation of new machinery and equipment or new computers to be used in the operation of the project.

b. The following shall not indicate a project has been initiated:

(1) The purchase of land or signing an option to purchase land;

(2) Earthmoving or other site development activities not involving actual building construction, expansion or rehabilitation; or

(3) Acquisition of a business as a going concern.

c. Any costs incurred prior to the award date are not eligible qualifying investment expenses.

71.4(4) *Board action on requests for approval.* The board, on behalf of the authority, may approve or deny a withholding agreement according to the provisions of Iowa Code section 403.19A and this chapter. A pilot project city and employer will be notified in writing of the board's decision regarding the proposed withholding agreement.

[**ARC 0001D**, IAB 1/21/26, effective 2/25/26]

261—71.5(403) Reporting requirements.

71.5(1) The annual report required by Iowa Code section 403.19A(3)*"c"*(3) shall be submitted by the employer by September 1 covering the prior fiscal year (July 1 to June 30). The authority will verify job creation or retention using the method described in rule 261—71.6(15).

71.5(2) The authority may request additional reports from pilot project cities as necessary to determine the status of the targeted jobs withholding tax credit program.

71.5(3) The pilot project city or employer shall provide the following upon request:

a. Payroll records that correspond to the quarterly report provided by the pilot project city for the department of revenue;

b. Information substantiating the total amount of qualifying investment made in the project;

c. Information substantiating the total amount of local financial support made in the project;

d. Payments and receipts under a withholding agreement.

[**ARC 0001D**, IAB 1/21/26, effective 2/25/26]

261—71.6(15) Job counting.

71.6(1) *Overview.* The authority will count created and retained jobs using a base employment analysis comparing the base employment level to employment at another date. The employer's base employment level will be established at the time of application for the program. The number of jobs the employer has pledged to create shall be in addition to the base employment level. Retained jobs may be included in the base employment level as established at the time of approval.

71.6(2) *Base employment level.*

a. Base employment level will include the number of full-time equivalent positions employed at the project location. If the project occurs at more than one physical location, the employer's base employment level will include the total number of full-time equivalent positions working at the identified locations. Base employment level may include the employer's full-time equivalent positions in this state as identified by the authority that are not located at the project location.

b. If an employer enters multiple withholding agreements for projects at the same location, the base employment level will be calculated by using the payroll document from the oldest withholding agreement that is open. Job obligations from each new withholding agreement will be added to this base employment level.

c. The authority will collect payroll documents to calculate and verify the base employment level used in each withholding agreement. Payroll documents must include a name or employee identification number and the hourly rate of pay for all full-time equivalent positions.

d. If the base employment level includes retained jobs, the authority will require an employer to verify that a job is at risk. Such verification may include the signed statement of an officer of the employer, documentation that the employer is actively exploring other sites for the project, or any other information the authority may reasonably require during the application review process to establish that a job is at risk.

71.6(3) *Verification.* At the project completion date, during the maintenance period, and following the maintenance period completion date, payroll documents will be used to calculate and verify compliance with job obligations. The person who submits the documents must, under penalty of perjury, verify that the information contained in the documents is true and correct.

71.6(4) *Full-time equivalent positions.* Only a full-time equivalent position filled by an individual will be considered an employee of the employer for the purpose of establishing the base employment level, retained jobs, or created jobs. The authority will not consider "job sharing" or any other means

of aggregation or combination of hours worked by more than one natural person in counting jobs. The authority will verify that full-time equivalent positions constitute the employment of one person for:

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

b. 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.

c. If employees at the facility do not typically work 40 hours per week, the employer will be required to provide documentation outlining what the employer considers a full-time workweek and how the employer's interpretation fits within the norms of its industry standards. Whether to accept this interpretation is within the sole discretion of the authority.

71.6(5) *Contract employees.* An employer's leased or contract employee may be included in the base employment level, as a created job, or as a retained job only if the following requirements are met:

a. The employer has a legally binding contract with a third-party provider to provide the leased or contract employee.

b. The contract between the third-party provider and the employer specifically requires the third-party provider to pay the wages required for the time period required by the authority as conditions of the approval of a withholding agreement with the employer.

c. The contract between the third-party provider and the employer specifically requires the third-party provider to submit payroll records to the authority, in form and content and as frequently as required by the authority, for purposes of verifying the employer's job creation/retention.

d. The contract between the third-party provider and the employer specifically authorizes the authority or its authorized representatives to access the third-party provider's records related to the project.

e. The employer agrees to be contractually liable to the authority for the performance or nonperformance of the third-party provider.

71.6(6) *Remote employees.* Employees with a reasonable connection to a project location who work remotely may be included in the base employment level, as a created job, or as a retained job as established by the authority at the time of application. To determine whether employees who work remotely should be included, the authority will consider an employer's policies on establishing remote work locations for employees, reporting structures, percentage of time worked at the project location, and the distance of employees' remote work locations from the project location. Only employees who work remotely within a defined geographic area established by the authority will be included. Whether an employee who works remotely is included in the base employment level, as a created job, or as a retained job pursuant to this subrule shall be solely within the discretion of the authority.

71.6(7) *Wages.* Jobs that are not paid the countywide average wage will not be counted toward an employer's job creation or job retention obligations. To determine the wages paid to the employees of an eligible business, the authority will include only monetary compensation, represented in terms of an hourly rate, paid by an employer to an employee for work or services provided, typically on a weekly or biweekly basis. The wage will not include nonregular forms of compensation, such as bonuses, unusual overtime pay, commissions, stock options, pensions, retirement or death benefits, unemployment benefits, life or other insurance, or other fringe benefits.

[**ARC 0001D**, IAB 1/21/26, effective 2/25/26]

261—71.7(403) Applicability. This chapter applies to withholding agreements entered into on or after July 1, 2013. Withholding agreements entered into prior to July 1, 2013, shall be governed by this chapter as it existed prior to the enactment of 2013 Iowa Acts, Senate File 433.

[**ARC 0001D**, IAB 1/21/26, effective 2/25/26]

These rules are intended to implement Iowa Code section 403.19A.

[Filed emergency 7/19/06—published 8/16/06, effective 7/19/06]

[Filed 9/22/06, Notice 8/16/06—published 10/11/06, effective 11/15/06]

[Filed ARC 7561B (Notice ARC 7249B, IAB 10/8/08), IAB 2/11/09, effective 3/18/09][1]

[Editorial change: IAC Supplement 3/25/09]
[Filed Emergency ARC 7847B, IAB 6/17/09, effective 5/21/09]
[Filed Emergency ARC 7848B, IAB 6/17/09, effective 7/1/09]
[Filed ARC 8147B (Notice ARC 7846B, IAB 6/17/09), IAB 9/23/09, effective 10/28/09]
[Filed Emergency After Notice ARC 1373C (Notice ARC 1248C, IAB 12/25/13), IAB 3/19/14, effective 2/24/14]
[Filed ARC 4512C (Notice ARC 4355C, IAB 3/27/19), IAB 6/19/19, effective 7/24/19]
[Filed ARC 4990C (Notice ARC 4737C, IAB 11/6/19), IAB 3/11/20, effective 4/15/20]
[Filed ARC 0001D (Notice ARC 9645C, IAB 10/29/25), IAB 1/21/26, effective 2/25/26]

[1] The March 18, 2009, effective date of ARC 7561B was delayed 70 days by the Administrative Rules Review Committee at its meeting held March 6, 2009.

CHAPTER 72
INTERNATIONAL TRADE FINANCIAL ASSISTANCE

[Prior to 11/15/89, see 261—Ch 56]
[Prior to 7/19/95, see 261—Ch 61]
[Prior to 9/6/00, see 261—Ch 68]
[Prior to 7/4/07, see 261—Ch 132]

Chapter rescission date pursuant to Iowa Code section 17A.7: 12/3/30

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.

[**ARC 9653C**, IAB 10/29/25, effective 12/3/25]

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.

[**ARC 9653C**, IAB 10/29/25, effective 12/3/25]

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.

[**ARC 9653C**, IAB 10/29/25, effective 12/3/25]

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.

[**ARC 9653C**, IAB 10/29/25, effective 12/3/25]

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.

[**ARC 9653C**, IAB 10/29/25, effective 12/3/25]

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

[Filed emergency 7/1/88—published 7/27/88, effective 7/1/88]
[Filed emergency 8/19/88—published 9/7/88, effective 8/19/88]
[Filed 1/20/89, Notice 7/27/88—published 2/8/89, effective 3/15/89]
[Filed 1/18/91, Notice 12/12/90—published 2/6/91, effective 3/13/91]
[Filed emergency 7/19/91—published 8/7/91, effective 7/19/91]
[Filed 1/17/92, Notice 8/7/91—published 2/5/92, effective 3/11/92]
[Filed 3/25/93, Notice 1/6/93—published 4/14/93, effective 5/19/93]
[Filed emergency 9/23/94—published 10/12/94, effective 9/23/94]
[Filed emergency 5/19/95—published 6/7/95, effective 7/1/95]
[Filed 6/26/95, Notice 5/10/95—published 7/19/95, effective 8/23/95]
[Filed emergency 9/19/97 after Notice 8/13/97—published 10/8/97, effective 9/19/97]
[Filed 8/20/98, Notice 7/15/98—published 9/9/98, effective 10/14/98]
[Filed 4/21/00, Notice 3/8/00—published 5/17/00, effective 6/21/00]
[Filed without Notice 8/18/00—published 9/6/00, effective 10/11/00]
[Filed emergency 6/15/07—published 7/4/07, effective 6/15/07]
[Filed 8/22/07, Notice 7/4/07—published 9/26/07, effective 10/31/07]
[Filed ARC 9064B (Notice ARC 8833B, IAB 6/2/10), IAB 9/8/10, effective 10/13/10]
[Filed ARC 4375C (Notice ARC 4203C, IAB 1/2/19), IAB 3/27/19, effective 5/1/19]
[Filed ARC 9653C (Notice ARC 9425C, IAB 7/23/25), IAB 10/29/25, effective 12/3/25]

CHAPTER 73
Reserved

CHAPTER 74
GROW IOWA VALUES FINANCIAL ASSISTANCE PROGRAM
Rescinded **ARC 6320C**, IAB 5/18/22, effective 6/22/22

CHAPTER 75
OPPORTUNITIES AND THREATS PROGRAM
Rescinded **ARC 9998C**, IAB 1/21/26, effective 2/25/26

CHAPTER 76
AGGREGATE TAX CREDIT LIMIT FOR
CERTAIN ECONOMIC DEVELOPMENT PROGRAMS
Rescinded **ARC 0131D**, IAB 3/18/26, effective 4/22/26

CHAPTER 77
SITE DEVELOPMENT PROGRAM

Chapter rescission date pursuant to Iowa Code section 17A.7: 2/25/31

261—77.1(15E) Definitions.

"Applicant" means the entity that submits an application to the authority for a certificate of readiness for a site development area or areas.

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

"Certificate of readiness" means a certificate issued to a local government or local economic development official for a site that is determined to be ready for development or redevelopment based on criteria set forth in rule 261—77.4(15E).

"Site development area" means property that is included as part of a site development plan and that is to be used or proposed to be used for development or redevelopment.

[**ARC 0002D**, IAB 1/21/26, effective 2/25/26]

261—77.2(15E) Eligibility. Eligible applicants may apply to the authority for a certificate of readiness pursuant to Iowa Code section 15E.18.

[**ARC 0002D**, IAB 1/21/26, effective 2/25/26]

261—77.3(15E) Application; review; approval.

77.3(1) *Application.* All requests for a certificate of readiness for a site development area shall be made using the application provided by the authority. The application shall include at least the following information:

a. Applicant information, including name, address, telephone number and contact person.

b. Legal description of the site development area(s).

c. Identification of the property owner(s) related to the site development area(s) and control of the site development area(s) for the period the certificate of readiness will be effective.

d. Detailed site development plan(s) for the site development area(s).

77.3(2) *Review.* The authority will accept applications during specified time periods. The authority and, if applicable, a contractor engaged for the purpose of evaluating sites will review applications based on the general criteria described in subrule 77.4(1). The authority will evaluate each application to identify any barriers to development or redevelopment.

77.3(3) *Approval.* The authority may approve, deny or defer applications for a certificate of readiness. If the authority approves an application for a certificate of readiness, the authority will issue a certificate of readiness in accordance with rule 261—77.5(15E).

[**ARC 0002D**, IAB 1/21/26, effective 2/25/26]

261—77.4(15E) Evaluation criteria.

77.4(1) *General.* When evaluating applications for certificates of readiness, the authority will consider the following criteria:

a. The thoroughness and detail of the site development plan.

b. The site development plan's regard for compliance with applicable regulations, including without limitation land-use and zoning restrictions or environmental or cultural protections.

c. The presence of or planning for viable transportation infrastructure.

d. The presence of or planning for viable utility infrastructure.

e. The geologic and natural characteristics of the site development area(s), including the proximity or inclusion of any floodplains.

f. The ownership and control of the site development area(s).

g. Demonstrated support, including without limitation financial and local support, for the site development plan.

77.4(2) *Additional consideration.* In addition to the general criteria described above, the authority may consider whether a site development plan for a site development area utilizes sustainable design

and practices. For purposes of this subrule, "sustainable design" means construction design intended to minimize negative environmental impacts and to promote the health and comfort of building occupants.
[**ARC 0002D**, IAB 1/21/26, effective 2/25/26]

261—77.5(15E) Certificate of readiness.

77.5(1) *Certification.* Upon approval of an application, the authority will issue a certificate of readiness to the applicant. The certificate of readiness will include a short description of how the site development plan meets the general criteria described in subrule 77.4(1) and will include whether the site development plan meets the additional consideration described in subrule 77.4(2). The certificate of readiness will be valid for the term described on the certificate, which may vary for each site development area depending on the nature of the development and the site characteristics. In no event shall the term of a certificate exceed ten years.

77.5(2) *Recertification.* The local government or local economic development official responsible for the site development area shall reapply for a certificate of readiness under these rules for the site to be considered for a subsequent certificate of readiness.
[**ARC 0002D**, IAB 1/21/26, effective 2/25/26]

261—77.6(15E) Consultation. The authority may contract with third parties to provide site development consultations. The applicant will be required to enter a contract with the authority that provides for reimbursement of all or a portion of the cost of site development consultations if, during the period the certificate of readiness is effective, the owner(s) of a site or park sell(s), give(s) away, or otherwise dispose(s) of the site or park or any portion of the site development area for a purpose or use other than a purpose or use for which the site was certified.
[**ARC 0002D**, IAB 1/21/26, effective 2/25/26]

These rules are intended to implement Iowa Code section 15E.18.

[Filed ARC 9485B (Notice ARC 9255B, IAB 12/1/10), IAB 5/4/11, effective 6/8/11]
[Filed ARC 0002D (Notice ARC 9648C, IAB 10/29/25), IAB 1/21/26, effective 2/25/26]

CHAPTER 78
SMALL BUSINESS DISASTER RECOVERY FINANCIAL ASSISTANCE PROGRAM
Rescinded **ARC 7056C**, IAB 8/9/23, effective 9/13/23

CHAPTER 79
DISASTER RECOVERY BUSINESS RENTAL ASSISTANCE PROGRAM
Rescinded **ARC 7056C**, IAB 8/9/23, effective 9/13/23

CHAPTER 80
IOWA SMALL BUSINESS LOAN PROGRAM
Rescinded **ARC 6320C**, IAB 5/18/22, effective 6/22/22

CHAPTER 81
RENEWABLE CHEMICAL PRODUCTION TAX CREDIT PROGRAM

Chapter rescission date pursuant to Iowa Code section 17A.7: 2/14/29

261—81.1(15) Purpose. The purpose of this chapter is to encourage development of the renewable chemicals industry and stimulate job growth using the renewable chemical production tax credit program to incentivize new and existing businesses to produce high-value renewable chemicals in Iowa from biomass feedstock.
[**ARC 7493C**, IAB 1/10/24, effective 2/14/24]

261—81.2(15) Definitions. As used in this chapter, unless the context otherwise requires:

"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.

"Biomass feedstock" means the same as defined in Iowa Code section 15.316(2).

"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.

"Building block chemical" means the same as defined in Iowa Code section 15.316(3) as amended by 2023 Iowa Acts, Senate File 575, and also includes benzene, toluene, xylene, ethylbenzene, butanoic acid, hexanoic acid, octanoic acid, pentanoic acid, heptanoic acid, ethylene glycol, and 1,4 butanediol, or such additional molecules as may be included by the authority following the procedure in rule 261—81.8(15).

"Director" means the director of the authority.

"Eligible business" means the same as defined in Iowa Code section 15.316(5).

"Pre-eligibility production threshold" means the same as defined in Iowa Code section 15.316(8).

"Production year" means any calendar year after the year in which the eligible business's pre-eligibility production threshold was established and in which the eligible business produces renewable chemicals.

"Program" means the renewable chemical production tax credit program administered pursuant to Iowa Code sections 15.315 through 15.322 and this chapter.

"Renewable chemical" means the same as defined in Iowa Code section 15.316(10).
[**ARC 7493C**, IAB 1/10/24, effective 2/14/24]

261—81.3(15) Eligibility requirements. To be eligible to receive the renewable chemical production tax credit pursuant to the program, a business shall meet all of the eligibility requirements in Iowa Code section 15.317.
[**ARC 7493C**, IAB 1/10/24, effective 2/14/24]

261—81.4(15) Application process and review.

81.4(1) Applications for tax credits may be submitted to the authority electronically by eligible businesses from February 15 to March 15 of each calendar year. The authority may adjust the annual filing window dates under extenuating circumstances and will provide notice of adjustments on the authority's website.

81.4(2) The application shall include all information required by Iowa Code section 15.318(1)*"e"* and all of the following information:

a. The name of the qualifying building block chemical produced by the eligible business for which the business is claiming a tax credit.

b. The amount of renewable chemicals produced in the state from biomass feedstock by the eligible business during the calendar year prior to the year in which the business first qualified as an eligible business under the program.

c. The city or county where the plant producing renewable chemicals is located.

d. The type of feedstock used to produce the renewable chemicals.

e. The date on which the eligible business organized, expanded or located in the state.

f. Any other information reasonably required by the authority in order to establish and verify the amount of the tax credit under the program.

81.4(3) Applications will be reviewed and scored on a competitive basis by a review committee established by the authority with relevant expertise and experience. If the authority deems that additional information is needed before reviewing and scoring can be completed, and the authority makes a written request for additional information from the applicant, the applicant must provide the requested information within 30 days of the date that the written request from the authority was made. If an applicant does not provide the requested information within 30 days, the application may be rejected by the authority.

81.4(4) Applications determined by the authority to be complete and eligible will be reviewed and scored using criteria established by the authority to evaluate the economic impact of an eligible business's production of renewable chemicals.

81.4(5) The authority will notify an applicant when the applicant has been approved by the director to receive a tax credit.

[**ARC 7493C**, IAB 1/10/24, effective 2/14/24]

261—81.5(15) Agreement and fees. An eligible business approved to receive a tax credit shall enter into an agreement and pay applicable fees pursuant to Iowa Code section 15.318(2) as amended by 2023 Iowa Acts, Senate File 575. Eligible businesses must sign the agreement within 60 days of being notified of approval for the tax credit. Upon request by an eligible business, the authority may extend the time period for signing the agreement by an additional 30 days.

[**ARC 7493C**, IAB 1/10/24, effective 2/14/24]

261—81.6(15) Renewable chemical production tax credit.

81.6(1) *Calculation of tax credit amount.*

a. An eligible business that has entered into an agreement pursuant to rule 261—81.5(15) may be issued a tax credit certificate in an amount calculated as described in Iowa Code section 15.319(1). For example, if an eligible business produced three million pounds of renewable chemicals during calendar year 2016 and first became an eligible business under this chapter in calendar year 2017, the pre-eligibility production threshold for the business is three million pounds. If the same eligible business produced ten million pounds of renewable chemicals during calendar year 2017, the eligible business could receive a tax credit for the amount produced over the pre-eligibility production threshold, which in this example equals seven million pounds.

b. If a business has facilities located in more than one state, only those renewable chemicals produced at facilities physically located in the state of Iowa may be counted for the purpose of calculating the tax credit.

c. If the same eligible business has an ownership or equity interest in multiple facilities at which renewable chemicals are produced, the facilities under common ownership will be considered a single eligible business for purposes of calculating the maximum tax credit amount. In calculating the maximum tax credit amount, only the pro rata share of each eligible business's ownership in a facility will be attributed to that eligible business.

d. The maximum amount of tax credit that may be issued under the program to an eligible business for the production of renewable chemicals in a calendar year shall not exceed the amount authorized by Iowa Code section 15.318(3)*"a"* as amended by 2023 Iowa Acts, Senate File 575.

81.6(2) *Eligible business only.* An eligible business shall not receive a tax credit for renewable chemicals produced before the date the business first qualified as an eligible business pursuant to rule 261—81.3(15).

81.6(3) *Maximum number of credits.* An eligible business shall not receive more tax credit certificates under the program than specified in Iowa Code section 15.318(3)*"d"* as amended by 2023 Iowa Acts, Senate File 575. Each tax credit must be applied for separately, and each application will be reviewed independently of past tax credits. Receipt of a tax credit in one year does not guarantee receipt of a tax credit in a subsequent year.

81.6(4) *Termination and repayment.* Tax credits may be reduced, terminated, or rescinded pursuant to Iowa Code section 15.318(4).

[**ARC 7493C**, IAB 1/10/24, effective 2/14/24]

261—81.7(15) Claiming the tax credit.

81.7(1) *Maximum tax credit claimed.* An eligible business that has entered into an agreement pursuant to rule 261—81.5(15) and been issued a tax credit certificate pursuant to subrule 81.6(1) may claim a tax credit as described in Iowa Code section 15.319(1) as amended by 2023 Iowa Acts, Senate File 575.

81.7(2) *Claiming the credit.* To receive the tax credit, an eligible business shall file a claim in accordance with any applicable administrative rules adopted by the department of revenue.

[**ARC 7493C**, IAB 1/10/24, effective 2/14/24]

261—81.8(15) Process to add building block chemicals.

81.8(1) *General process.* The authority may add additional molecules to the definition of "building block chemical" in rule 261—81.2(15) pursuant to Iowa Code section 15.316(3) as amended by 2023 Iowa Acts, Senate File 575. The authority may initiate the administrative rulemaking process for the addition of such molecules to this chapter.

81.8(2) *Request to include additional molecules.* Any individual or business may request that an additional molecule be added to the definition of "building block chemical" by submitting a written request to the authority. Such requests shall be made in the form prescribed by the authority and may be submitted to the authority between April 1 and May 1 of each calendar year and October 1 and November 1 of each calendar year. The authority may adjust these dates under extenuating circumstances and will provide notice of adjustments on the authority's website.

81.8(3) *Consultation with experts.* Prior to initiating a rulemaking to add molecules to the definition of "building block chemical" in rule 261—81.2(15), the authority shall consult with appropriate experts from Iowa state university, including but not limited to the Iowa state university center for biorenewable chemicals. The authority shall conduct an initial staff review of any requests received by the authority pursuant to subrule 81.8(2). Following the initial staff review, the authority shall consult with the experts at Iowa state university regarding the molecules that the authority believes are consistent with the definitions under this chapter. The experts at Iowa state university shall provide a written recommendation to the authority indicating which chemicals, in the experts' opinion, meet the definition of "building block chemical" consistent with this chapter.

81.8(4) *Initiation of rulemaking proceedings.* Following the consultation and review process set forth in subrule 81.8(3), the authority may initiate the administrative rulemaking process to amend the definition of "building block chemical" to add molecules that the authority, in the authority's sole discretion, finds to be consistent with the definitions in this chapter.

[**ARC 7493C**, IAB 1/10/24, effective 2/14/24]

261—81.9(15) Additional information. The authority may at any time request additional information and documentation from an eligible business regarding the operations, job creation, and economic impact of the eligible business, and the authority may use the information in preparing and publishing any reports to be provided to the governor and the general assembly to the extent consistent with Iowa Code section 15.318(5).

[**ARC 7493C**, IAB 1/10/24, effective 2/14/24]

These rules are intended to implement Iowa Code sections 15.315 through 15.322 as amended by 2023 Iowa Acts, Senate File 575.

[Filed ARC 3004C (Notice ARC 2867C, IAB 12/21/16), IAB 3/29/17, effective 5/3/17]
[Filed ARC 4307C (Notice ARC 4043C, IAB 10/10/18), IAB 2/13/19, effective 3/20/19]
[Filed ARC 4971C (Notice ARC 4669C, IAB 9/25/19), IAB 3/11/20, effective 4/15/20]
[Filed ARC 5140C (Notice ARC 4966C, IAB 3/11/20), IAB 8/12/20, effective 9/16/20]
[Editorial change: IAC Supplement 4/7/21]
[Editorial change: IAC Supplement 12/15/21]
[Filed ARC 6319C (Notice ARC 6202C, IAB 2/23/22), IAB 5/18/22, effective 6/22/22]
[Filed ARC 7493C (Notice ARC 7105C, IAB 11/1/23), IAB 1/10/24, effective 2/14/24]

CHAPTER 82
RESEARCH AND DEVELOPMENT TAX CREDIT PROGRAM

Chapter rescission date pursuant to Iowa Code section 17A.7: 4/22/31

261—82.1(15E) Definitions. For purposes of this chapter, unless the context otherwise requires:

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

"Director" means the director of the authority.

"Eligible expenditures" means the same as defined in Iowa Code section 15.521.

"Foreign adversary" means a foreign government or foreign non-government person as determined in 15 CFR §7.4 or 15 CFR §791.4 at any time on or after March 4, 2024, and that is listed in 15 CFR §7.4(a) or 15 CFR §791.4(a) at any time on or after March 4, 2024.

"Foreign adversary entity" means a foreign business subject to the jurisdiction of or organized under the laws of a foreign adversary or a foreign business owned, directed, or controlled by a foreign adversary.

"Foreign business" means the same as defined in Iowa Code section 9I.1.

"Independent certified public accountant" or *"independent CPA"* means a certified public accountant not employed by the qualified business or a related entity.

"Program" means the research and development tax credit program administered pursuant to this chapter and Iowa Code chapter 15, subchapter II, part 35.

"Qualified business" means the same as defined in Iowa Code section 15.521.

"Qualified research and development" means the same as defined in Iowa Code section 15.521.

[**ARC 0133D**, IAB 3/18/26, effective 4/22/26]

261—82.2(15E) Certification of qualified businesses.

82.2(1) *Eligibility for certification as a qualified business.* A business shall meet all of the criteria in Iowa Code section 15.522 to be eligible for certification as a qualified business. Additionally, a foreign business shall demonstrate that it is not associated with a foreign adversary or foreign adversary entity.

82.2(2) *Additional sectors.* Any individual or business may request in writing that the authority include an additional sector(s) to the list of sectors available for the credit pursuant to Iowa Code section 15.522(2). The authority may initiate the administrative rulemaking process to include an additional sector or sectors in response to such a request or on its own initiative. A business engaged in a sector included by rule pursuant to this subrule shall not apply for certification as a qualified business until after the effective date of the rulemaking to include that sector.

82.2(3) *Application for certification.* A qualified business shall apply to the authority for certification as a qualified business as prescribed by the authority. An applicant shall apply on behalf of all entities in a consolidated group for state or federal tax filing purposes. The application for certification will include the following information:

a. A description of the general nature of the business's operations.

b. The location of the principal business operations, any Iowa business locations, and whether the business conducts research and development at any locations outside Iowa.

c. Information that demonstrates that the business's primary operations are in a qualified industry and sector pursuant to Iowa Code section 15.522. Such evidence may include but is not limited to whether the business has a North American Industry Classification System (NAICS) number aligned with the relevant industries and sectors as determined by the authority. Businesses with other NAICS numbers will be required to document to the authority's satisfaction that the business is primarily engaged in an applicable industry and sector identified in Iowa Code section 15.522 based on factors including but not limited to sources of revenue and customer base.

d. Information that demonstrates that the business is actively engaged in qualified research and development in Iowa.

e. Information about employment of the qualified business.

f. The identity of any entities included as part of a controlled group/group of trades or businesses under common control that is required to compute the federal research and development credit as one taxpayer pursuant to Section 41(f)(1) of the Internal Revenue Code.

g. A signed statement from an officer, director, manager, member, or general partner of the qualified business certifying the accuracy of the information provided.

h. Any other information or documentation as the authority may reasonably require to determine the business's eligibility for certification as a qualified business and whether research and development conducted by the business is qualified research and development.

82.2(4) *Authority review and notice of certification.*

a. The authority shall make its best efforts to determine whether a business will be certified as a qualified business within 90 days of receipt of all information and documentation necessary to demonstrate satisfaction of the criteria set forth in Iowa Code section 15.522. The authority may conduct site visits to assess the eligibility of the business and the research conducted by the business.

b. The authority will determine whether an applicant for certification has 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. An applicant that has such a record of violations of the law will be ineligible for certification.

c. Authority staff will make recommendations for approval or denial of applications for certification. The director may approve, deny, or defer an application for certification.

d. Approval of certification by the director shall be contingent upon execution of an agreement with the authority within 45 days of transmittal of the agreement. The time limit for execution may be extended by the director for an additional 45 days for good cause shown. Upon expiration of the time limit, including any extension, approval of certification of a qualified business shall be rescinded.

e. Following execution of an agreement pursuant to paragraph 82.2(4)*"d,"* the authority will issue written notice to the qualified business that such business has been certified with the authority for the purpose of the program. The authority will indicate in its written notice the first tax year for which eligible expenditures may be eligible for a tax credit.

82.2(5) *Revocation and expiration of certification.*

a. A certified qualified business shall provide any information as the authority may reasonably request to confirm the business's continued eligibility for certification as a qualified business and whether the business continues to be actively engaged in qualified research and development.

b. If a qualified business fails to meet or maintain any requirement set forth in the agreement entered pursuant to Iowa Code section 15.523(3); this chapter; or Iowa Code chapter 15, subchapter II, part 35, the authority may suspend or revoke the business's certification as a qualified business by issuing written notice to the business. The notice will identify the last date on which the business was eligible to be certified as a qualified business. If certification is revoked, the notice will identify the first date on which the business will be eligible to reapply for certification. If certification is suspended, the notice will identify the proposed end date of the suspension. A business cannot apply for a tax credit for eligible expenditures incurred after the effective date of revocation or during the effective period of suspension.

c. The written notice of certification issued pursuant to paragraph 82.2(4)*"e"* will include the date the authority expects the certification to expire if a business continues to satisfy all eligibility requirements. Certification may expire up to five years from the date of the notice. If a determination cannot be made that the qualified business intends to engage in qualified research and development for five years, the authority may approve certification for less than five years.

d. A business may submit an application for recertification and be approved for recertification by the authority.

e. If a business's certification as a qualified business expires, expenditures made after the expiration date will not be eligible for a tax credit.

82.2(6) *Reporting.* The authority may, at any time, request additional information and documentation from a qualified business to meet the authority's reporting obligations pursuant to Iowa Code section 15.525 or required to prepare any other reports to be provided to the governor and the general assembly.

[**ARC 0133D**, IAB 3/18/26, effective 4/22/26]

261—82.3(15E) Application and review process for tax credits.

82.3(1) *Annual business application.* A qualified business shall make its best efforts to submit its annual application for a tax credit no later than 90 days after the date its federal return is filed and accepted.

The application shall be submitted no later than January 31 following the most recently filed and accepted federal tax return. A qualified business shall apply for tax credits on behalf of all entities in a consolidated group for state or federal tax filing purposes and include all application information for all such entities that incurred eligible expenditures. The annual application submitted by qualified businesses will include:

a. A report from the business of any changes to the information provided in the application for certification pursuant to subrule 82.2(3).

b. Documentation of the amount of the eligible expenditures that were included in Section F of Internal Revenue Form 6765 that was submitted with the qualified business's most recently filed and accepted federal tax return.

c. Verification of eligible expenditures by an independent CPA authorized to practice in this state, described on a form prescribed by authority.

(1) The procedures used by the independent CPA to conduct the verification should allow the independent CPA to conclude that, in the independent CPA's professional judgment, the expenditures claimed are, more likely than not, eligible pursuant to the agreement entered pursuant to Iowa Code section 15.523(3); Iowa Code chapter 15, subchapter II, part 35; and all rules adopted pursuant to Iowa Code chapter 15, subchapter II, part 35, and 2025 Iowa Acts, Senate File 657, in all material respects. The verification shall include but not be limited to the following:

1. The qualified research and development and eligible expenditures are supported by the qualified business's underlying books and records.

2. The qualified business claimed a federal research credit under Section 41 of the Internal Revenue Code for its eligible expenditures for the same tax year for which the business has applied for a tax credit under the program.

3. The qualified business's methodology for identifying eligible expenditures accurately identifies qualified research and development projects and activities and accurately calculates qualified research expenses under Section 41 of the Internal Revenue Code that occurred in Iowa.

4. The wages included as eligible expenditures are limited to wages paid for the performance, direct supervision, or direct support of qualified research and development, and such services were physically performed in Iowa by individuals legally authorized to work in Iowa.

5. Any amounts included as eligible expenditures that were paid to unrelated third parties were for qualified research and development performed on behalf of the qualified business, and the qualified business retained substantial rights in the results and bore the financial risk of failure of the qualified research and development performed by a third party.

6. Any amounts included as eligible expenditures that were paid to unrelated third parties were for qualified research and development physically performed in Iowa by individuals authorized to work in Iowa.

7. Only 65 percent of eligible contract research expenses were included as eligible expenditures.

8. Only nondepreciable tangible property used directly in the conduct of qualified research and development was included as eligible expenditures.

9. Only supplies used or consumed in Iowa in the conduct of qualified research and development were included as eligible expenditures.

10. Only rental or lease costs for computers or cloud computing resources used in qualified research were included as eligible expenditures, and such resources were operated by third-party providers and not primarily used by the qualified business.

11. Amounts included as eligible expenditures relate only to computers physically located in Iowa, or, for cloud computing resources, an allocation methodology reasonably attributes usage to Iowa-based qualified research and development activities.

12. Expenditures were captured and allocated to qualified research and development activities at the business component or project level.

13. The qualified research and development activities associated with eligible expenditures met all four statutory tests under Section 41(d) of the Internal Revenue Code: permitted purpose, elimination of uncertainty, process of experimentation, and technological in nature.

14. No expenditures were included for research to the extent funded by another person, grant, or governmental entity.

(2) For each item in subparagraph 82.3(1)*"c"*(1), the independent CPA shall describe the information and documentation relied upon to verify each item. The independent CPA may consider and incorporate documentation generated in connection with an Internal Revenue Service examination of the taxpayer's federal credit for increasing research activities under Section 41 of the Internal Revenue Code. Reliance on such materials does not relieve the independent CPA of the obligation to address each verification item required by subparagraph 82.3(1)*"c"*(1).

(3) The independent CPA shall represent that the verification procedures were performed in a manner consistent with applicable tax practice standards and that, based on information provided by the qualified business and consistent with applicable law, the independent CPA reasonably concluded that the information is, more likely than not, accurate and complete. The CPA will not provide an audit, review, or attestation opinion for the purposes of this paragraph.

(4) Within 30 business days of a request by the authority, the qualified business shall make available to the authority the documents reviewed by the independent CPA unless good cause is shown.

d. A signed statement from an officer, director, manager, member, or general partner of the qualified business certifying the accuracy of the information provided.

e. Any other information as the authority may reasonably require to determine the business's continued eligibility for certification as a qualified business and whether the business continues to be actively engaged in qualified research and development.

82.3(2) *Staff review.* Authority staff will verify the continued eligibility of qualified businesses and the amount of eligible expenditures incurred by qualified businesses prior to approval of tax credits by the director.

82.3(3) *Tax credit calculation.* The annual tax credit award for each qualified business shall equal its unadjusted credit or its adjusted credit, whichever is less.

a. *Unadjusted credit.* The unadjusted credit for a qualified business equals its eligible expenditures multiplied by the tax credit rate provided in the agreement, not to exceed 3.5 percent.

b. *Adjusted credit.* To calculate the adjusted credit for a qualified business, first divide the qualified business's eligible expenditures by the total eligible expenditures incurred by all qualified businesses with approved tax credit applications for the fiscal year. Next, multiply that quotient by the amount of tax credits available pursuant to Iowa Code section 15.119 for the fiscal year after reduction for the set aside, if any, of tax credits for additional awards pursuant to subrule 82.3(4). That product, plus any additional tax credits awarded to the qualified business for the fiscal year pursuant to subrule 82.3(4), equals a qualified business's adjusted credit.

EXAMPLE: For purposes of this example, assume that the total available tax credits for the fiscal year is $40,000,000 and the authority does not set aside any of that amount for additional awards pursuant to subrule 82.3(4). Also assume that the total eligible expenditures incurred by all qualified businesses with approved tax credit applications for the fiscal year is $2,000,000,000. A qualified business submits an annual tax credit application with $10,000,000 of eligible expenditures, and the tax credit rate in its agreement is 3.5 percent. The qualified business's unadjusted credit equals $350,000 ($10,000,000 × 0.035). The qualified business's adjusted credit equals $200,000 (($10,000,000 / $2,000,000,000) × $40,000,000). Therefore, the qualified business's annual tax credit award will be $200,000.

82.3(4) *Set aside of tax credits for additional awards.* The authority may set aside up to 5 percent of the amount of tax credits available pursuant to Iowa Code section 15.119 for the fiscal year to be awarded as additional tax credits to qualified businesses that demonstrate an increase in eligible expenditures.

a. Additional tax credits from the set aside described in this subrule may be awarded based on the annual applications submitted by qualified businesses pursuant to subrule 82.3(1). The authority may request additional information from qualified businesses to establish that a qualified business demonstrates an increase in eligible expenditures and that additional tax credits are warranted pursuant to the factors in paragraph 82.3(4)*"c."*

b. Each fiscal year, the authority will determine the total amount of the set aside, if any, prior to making an initial apportionment of tax credits based on the total amount of qualified expenditures incurred by all qualified businesses that are eligible for a tax credit.

c. Factors the authority will consider in determining whether to award additional tax credits to a qualified business include but are not limited to whether the qualified business recently located in or expanded in Iowa and the economic impact of the qualified business, its facility or facilities in Iowa, and the qualified research and development.

82.3(5) *Application decisions.* The director may approve, deny, or defer an application for tax credits. Applications for tax credits may be denied under the following circumstances:

a. The qualified business has not continued to engage in the qualified research and development proposed in its application for certification.

b. The qualified business experiences a business closure or experiences a mass layoff for which notice is required under Iowa Code chapter 84C.

c. The authority determines the qualified business has 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.

[**ARC 0133D**, IAB 3/18/26, effective 4/22/26]

261—82.4(15E) Tax credit certificates.

82.4(1) *Issuance by the authority.* The authority will issue tax credit certificates to qualified businesses pursuant to Iowa Code section 15.524. Tax credit certificates will be issued to the qualified businesses that applied for certification.

82.4(2) *Vested right.* A taxpayer does not obtain a vested right in a tax credit until a certificate has been issued by the authority.

82.4(3) *Claiming a tax credit.* An investor that has been issued a tax credit certificate by the authority may claim the credit in accordance with any applicable rules adopted by the department of revenue.

82.4(4) *Changes to federal credit.*

a. The qualified business shall notify the authority of any reduction of the federal credit for increasing research activities under Section 41 of the Internal Revenue Code or reduction of qualified research expenditures for the federal credit that occurs after certification as a qualified business. Such notice is required whether the reduction is the result of review of the credit initiated by the Internal Revenue Service or an amendment to the qualified business's tax return initiated by the qualified business. The qualified business must provide notice to the authority within 30 days of the final determination date as defined in Iowa Code section 422.25.

b. Following a report to the authority that the federal credit or qualified research expenditures for the purposes of the federal credit have been reduced, a qualified business must submit a supplemental verification of eligible expenditures by an independent CPA authorized to practice in this state conducted in accordance with the procedures identified in subrule 82.3(1). The supplemental verification shall detail the impact of the disallowed credit on the amount of eligible expenditures, if any. The authority may waive the requirement to submit supplemental verification if all qualified expenditures on which the federal credit was claimed occurred in Iowa, if the qualified business agrees to a reduced tax credit consistent with a reduction in qualified research expenditures as determined by the authority, or if sufficient information is otherwise available to determine the impact on the tax credit available through the program.

c. If the supplemental independent CPA verification or other information submitted pursuant to paragraph 82.4(4)*"b"* demonstrates a reduction in eligible expenditures, the tax credit available through the program shall be reduced to an amount calculated by multiplying the credit percentage determined pursuant to subrule 82.3(3) by the reduced amount of eligible expenditures. Any additional award pursuant to subrule 82.3(4) will be reduced in the same way. If sufficient information is not available to determine the reduced amount of eligible expenditures, the authority may wholly rescind a tax credit available under the program.

d. The tax credit available through the program shall not be increased based on an increase in the federal credit for increasing research activities under Section 41 of the Internal Revenue Code claimed by a qualified business.

[**ARC 0133D**, IAB 3/18/26, effective 4/22/26]

261—82.5(15) Mass layoffs and business closures.

82.5(1) Pursuant to Iowa Code section 15.112, the authority may reduce or eliminate some or all of a tax credit approved through the program under the following circumstances:

a. A qualified business closes a facility in Iowa.

b. A qualified business experiences a mass layoff for which notice is required under Iowa Code chapter 84C that directly impacts its qualified research and development conducted in Iowa.

c. A qualified business experiences a mass layoff for which notice is required under Iowa Code chapter 84C that represents a significant portion of the qualified business's employees in Iowa.

82.5(2) The authority may deny certification or recertification of a qualified business under the circumstances identified in subrule 82.5(1).

82.5(3) Factors the authority may consider when determining whether to exercise its discretion under this rule include but are not limited to the percentage of the qualified business's workforce affected; the total number of employees involved; whether the action is seasonal, temporary, or permanent; whether employees are relocated to other Iowa facilities; the reasons causing the mass layoff or business closure; and the impact on the qualified business's qualified research and development conducted in Iowa, the community in which the mass layoff or business closure occurred, and the state.

[**ARC 0133D**, IAB 3/18/26, effective 4/22/26]

261—82.6(7C) References. All references to the Internal Revenue Code in this chapter are as in effect on April 22, 2026.

[**ARC 0133D**, IAB 3/18/26, effective 4/22/26]

These rules are intended to implement Iowa Code chapter 15, subchapter II, part 35.

[Filed ARC 0133D (Notice ARC 9828C, IAB 12/24/25), IAB 3/18/26, effective 4/22/26]

CHAPTERS 83 to 100
Reserved

PART V
INNOVATION AND COMMERCIALIZATION ACTIVITIES

CHAPTER 101
MISSION AND RESPONSIBILITIES
[Prior to 9/6/00, see 261—Ch 62]
Rescinded **ARC 8258C**, IAB 10/16/24, effective 11/20/24

CHAPTER 102
ENTREPRENEUR INVESTMENT AWARDS PROGRAM

Chapter rescission date pursuant to Iowa Code section 17A.7: 1/15/30

261—102.1(15E) Purpose and funding. The entrepreneur investment awards program supports providers of technical and financial assistance to entrepreneurs and start-up companies seeking to create, locate, or expand a business in the state. Moneys for financial assistance under the program will be awarded from the moneys in the entrepreneur investment awards program fund created pursuant to Iowa Code section 15E.363. The amount deposited in the fund each year depends on the amount allocated for such purposes pursuant to Iowa Code section 15.335B.
[**ARC 8451C**, IAB 12/11/24, effective 1/15/25]

261—102.2(15E) Definitions. As used in this chapter unless the context otherwise requires:

"Applicant" means a provider applying to the authority for financial assistance under the program.

"Authority" means the same as defined in Iowa Code section 15.102.

"Board" means the same as defined in Iowa Code section 15.102.

"Business development services" means the same as defined in Iowa Code section 15E.362.

"Committee" means a committee of application reviewers appointed by the director.

"Deliverables" means the performance of duties or other obligations required for the receipt of financial assistance under the program.

"Director" means the same as defined in Iowa Code section 15.102.

"Financial assistance" means the same as defined in Iowa Code section 15.327.

"Program" means the same as defined in Iowa Code section 15E.362.

"Provider" means an "eligible entrepreneurial assistance provider" as defined in Iowa Code section 15E.362.
[**ARC 8451C**, IAB 12/11/24, effective 1/15/25]

261—102.3(15E) Application procedures. Providers may be invited to submit applications to the authority. The authority will review applications to confirm program eligibility pursuant to Iowa Code section 15E.362(3). Eligible applications will be sent to the committee to develop a recommendation on funding pursuant to rule 261—102.4(15E). The committee will provide its recommendation to the board for a final determination on funding. The amount of financial assistance awarded to a provider is within the discretion of the authority as determined by the board.
[**ARC 8451C**, IAB 12/11/24, effective 1/15/25]

261—102.4(15E) Evaluation and recommendation process.

102.4(1) *Eligibility.* To be eligible for financial assistance under the program, an applicant must meet all the requirements in Iowa Code section 15E.362(3), in addition to all of the following requirements:

a. The applicant must have its principal place of operations in the state of Iowa.

b. The applicant must be actively providing business development services in the state of Iowa.

102.4(2) *Competitive scoring criteria.* In addition to the considerations identified in Iowa Code section 15E.362(8), the committee will develop its recommendations for funding based on the following criteria:

a. The extent to which the applicant's project addresses an unmet need of entrepreneurs in the state of Iowa; and

b. The extent to which the applicant has identified adequate resources to sustain the applicant's project following the provision of financial assistance by the authority.

102.4(3) *Committee recommendation.* The evaluation and recommendation of the committee will be summarized in a report to the board for the board's use in making a final determination. The committee may recommend applicable terms and conditions of financial assistance.
[**ARC 8451C**, IAB 12/11/24, effective 1/15/25]

261—102.5(15E) Administration of financial assistance.

102.5(1) *Contract required.* An applicant awarded financial assistance under the program shall enter into a contract with the authority for the receipt of such funds. The provider shall maintain all eligibility requirements for the duration of a contract. The contract may include such deliverables and other terms and conditions as the authority deems necessary. The authority will make the final determination as to compliance with the terms of the contract and will make the final determination as to whether and when to disburse funds to the applicant.

102.5(2) *Use of funds.* Funds shall be used consistent with the requirements in Iowa Code section 15E.362(9). For the purposes of determining whether funds have been used consistent with Iowa Code section 15E.362(9), "operating costs" means the expenses associated with administering a provider's activities on a day-to-day basis. "Operating costs" includes both fixed costs and variable costs. "Operating costs" does not include expenses associated with nonoperating activities, such as interest expenses, repayment of principal, or moneys invested by the provider in a client's businesses or in other ventures.

102.5(3) *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.

[**ARC 8451C**, IAB 12/11/24, effective 1/15/25]

These rules are intended to implement Iowa Code sections 15E.362 and 15E.363.

[Filed ARC 0611C (Notice ARC 0408C, IAB 10/17/12), IAB 2/20/13, effective 3/27/13]
[Filed ARC 2501C (Notice ARC 2374C, IAB 1/20/16), IAB 4/27/16, effective 6/1/16]
[Filed ARC 5513C (Notice ARC 5386C, IAB 1/13/21), IAB 3/10/21, effective 4/14/21]
[Filed ARC 8451C (Notice ARC 8224C, IAB 9/18/24), IAB 12/11/24, effective 1/15/25]

CHAPTER 103
INFORMATION TECHNOLOGY TRAINING PROGRAM
Rescinded **ARC 6320C**, IAB 5/18/22, effective 6/22/22

CHAPTER 104
INNOVATIVE BUSINESSES INTERNSHIP PROGRAM
Transferred to 877—Chapter 23, IAC Supplement 11/1/23

CHAPTER 105
INNOVATIVE AND OTHER BUSINESS DEVELOPMENT—DEMONSTRATION FUND AND PROOF OF COMMERCIAL RELEVANCE

Chapter rescission date pursuant to Iowa Code section 17A.7: 1/15/30

261—105.1(15) Purpose and delegation of functions. The proof of commercial relevance program component is established pursuant to Iowa Code section 15.411(5) for the purpose of accelerating the generation and development of innovative ideas and businesses. The demonstration fund program component is established pursuant to Iowa Code section 15.411(2) to encourage prototype development and concept development activities. The authority may delegate certain administrative functions to a service provider engaged pursuant to Iowa Code section 15.411.
[**ARC 8452C**, IAB 12/11/24, effective 1/15/25]

261—105.2(15) Definitions.

"Authority" means the same as defined in Iowa Code section 15.102.

"Board" means the same as defined in Iowa Code section 15.102.

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

"Demo" means the demonstration fund program component.

"IP" means intellectual property.

"NAICS" means the North American Industry Classification System.

"POCR" means the proof of commercial relevance program component.
[**ARC 8452C**, IAB 12/11/24, effective 1/15/25]

261—105.3(15) Project funding.

105.3(1) Awards are made on a per-project basis upon board approval.

105.3(2) The committee and board may establish maximum award amounts for each program component.

105.3(3) POCR funds may be used for third-party technology evaluation, regulatory analysis, identifying partners or manufacturers, IP development and evaluation, validation of market potential, beta testing, or team assembly. Demo funds may be used for marketing, sales, distribution, product refinement or market research.

105.3(4) Funds may not be used for university overhead expenses or any work that was conducted by the applicant or any third-party consultant prior to the term of the financial assistance contract.

105.3(5) The forms of financial assistance may consist of but are not limited to loans, forgivable loans, grants and such other forms of assistance the committee and the board deem appropriate and consistent with the needs of a given project.
[**ARC 8452C**, IAB 12/11/24, effective 1/15/25]

261—105.4(15) Matching funds requirement. In order to receive financial assistance, an applicant must demonstrate the ability to secure one dollar of nonstate moneys for every two dollars received from the authority.
[**ARC 8452C**, IAB 12/11/24, effective 1/15/25]

261—105.5(15) Eligible applicants. Eligible applicants must be located in Iowa, demonstrate the potential for high growth, and be included in one of the following industries classified by the NAICS:

1. Biosciences.
2. Information technologies.
3. Advanced manufacturing.

[**ARC 8452C**, IAB 12/11/24, effective 1/15/25]

261—105.6(15) Ineligible applicants. The following businesses are not eligible:

105.6(1) A business that is engaged in retail sales or provides health services is ineligible. In determining whether a business is engaged in retail sales, factors the authority will consider include but are not limited to the sources of the business's revenue, whether the business manufactures a product it sells, and whether the business owns intellectual property associated with a product the business sells.

105.6(2) A business that closes or substantially reduces its workforce by more than 20 percent at existing operations in order to relocate substantially the same operation to another area of the state is ineligible for 36 consecutive months at any of the business's Iowa sites from the date the new establishment opens.

[**ARC 8452C**, IAB 12/11/24, effective 1/15/25]

261—105.7(15) Application and review process.

105.7(1) An eligible business seeking financial or technical assistance must submit an application to the authority in the form and with the content specified by the authority.

105.7(2) The authority will review applications to confirm program eligibility pursuant to Iowa Code section 15.411 and this chapter. Eligible applications will be sent to the committee to develop a recommendation on funding. The committee will make funding recommendations to the board. The board has final decision-making authority on requests for financial assistance. The board may approve, defer or deny an application.

105.7(3) An application for assistance will include but not be limited to the following:

a. *Proposed product or service.* A description of the proposed product or service, the experience of those involved in the proposed project, and the company resources.

b. *Market research.* A market research analysis that addresses competing or alternative technologies, advantages of the proposed product or service compared to competing or alternative technologies, distribution plans, and estimated return on investment.

c. *Commercialization.* A description of the key next steps to making an impact with the innovation and a description of funding requirements, based on standard financial documents, necessary to overcome obstacles to success.

d. *Work plan.* A description of the strategy and key elements to be funded to address goals of the work plan, including project milestones.

e. *Resources and budget.* A budget that includes a detailed description of the sources, including the required match, and uses of the funds.

[**ARC 8452C**, IAB 12/11/24, effective 1/15/25]

261—105.8(15) Application selection criteria. In reviewing applications for financial assistance, the committee and board shall consider the following criteria:

105.8(1) *Intellectual property.* How the ownership of the IP is structured. Preference will be given to applicants with greater IP control by the business.

105.8(2) *Experience.* The business's experience in productization and commercialization, and ongoing product maintenance.

105.8(3) *Estimate to completion.* The business's work requirements and estimated timeline for completion, the credibility of the estimated timeline for completion relative to the business's experience, and the business's resources available to fulfill requirements and conform to a timeline.

105.8(4) *Market.* The business's competitors, market for the business's product in Iowa and outside of Iowa, plausibility of the business's marketing plan, and the business's experience in the industry.

105.8(5) *Financial requirement.* The availability of matching funds and other necessary funds to take the product to market.

105.8(6) *Distribution.* The availability of channels to take the product to market.

105.8(7) *Expected return.* Whether the expected return can be quantified, based on time to break even and long-term economic impact.

[**ARC 8452C**, IAB 12/11/24, effective 1/15/25]

261—105.9(15) Contract and reporting.

105.9(1) Successful applicants will be notified in writing of an award of assistance, including any conditions and terms of the approval.

105.9(2) The authority will prepare a contract that includes but is not limited to a description of the project to be completed by the business, conditions to disbursement, required reports, and applicable repayment requirements.

105.9(3) The committee and the board must approve any substantive amendments to the contract. Authority staff may approve nonsubstantive amendments.

105.9(4) An applicant shall submit any information 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.

[**ARC 8452C**, IAB 12/11/24, effective 1/15/25]

These rules are intended to implement Iowa Code section 15.411.

[Filed emergency 8/16/07—published 9/12/07, effective 8/16/07]
[Filed 10/18/07, Notice 9/12/07—published 11/7/07, effective 12/12/07]
[Filed 2/22/08, Notice 12/19/07—published 3/12/08, effective 4/16/08]
[Filed ARC 0611C (Notice ARC 0408C, IAB 10/17/12), IAB 2/20/13, effective 3/27/13]
[Filed ARC 8452C (Notice ARC 8221C, IAB 9/18/24), IAB 12/11/24, effective 1/15/25]

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

Chapter rescission date pursuant to Iowa Code section 17A.7: 4/22/31

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 same as defined in Iowa Code section 15.102.

"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.

[**ARC 0134D**, IAB 3/18/26, effective 4/22/26]

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.

[**ARC 0134D**, IAB 3/18/26, effective 4/22/26]

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.

[**ARC 0134D**, IAB 3/18/26, effective 4/22/26]

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.

[**ARC 0134D**, IAB 3/18/26, effective 4/22/26]

These rules are intended to implement Iowa Code section 15.411.

[Filed ARC 0611C (Notice ARC 0408C, IAB 10/17/12), IAB 2/20/13, effective 3/27/13]
[Filed ARC 3195C (Notice ARC 2938C, IAB 2/15/17), IAB 7/5/17, effective 8/9/17]
[Filed ARC 6356C (Notice ARC 6243C, IAB 3/23/22), IAB 6/15/22, effective 7/20/22]
[Filed ARC 0134D (Notice ARC 9831C, IAB 12/24/25), IAB 3/18/26, effective 4/22/26]

CHAPTER 107
TARGETED INDUSTRIES NETWORKING FUND

Rescinded **ARC 6320C**, IAB 5/18/22, effective 6/22/22

CHAPTER 108
INNOVATIVE AND OTHER BUSINESS DEVELOPMENT—APPLIED RESEARCH AND MANUFACTURING EXTENSION PARTNERSHIP

Chapter rescission date pursuant to Iowa Code section 17A.7: 1/15/30

261—108.1(15) Purpose and description of program components. This chapter applies to program components established pursuant to Iowa Code section 15.411(5) for the expansion of investment in applied research and a component for a manufacturing extension partnership program. The authority may delegate certain administrative functions to a service provider engaged pursuant to Iowa Code section 15.411.
[**ARC 8452C**, IAB 12/11/24, effective 1/15/25]

261—108.2(15) Definitions. As used in this chapter unless the context otherwise requires:

"Applicant" means an innovative business or other business, a university, a nonprofit organization, or another entity applying to the authority for assistance under the program.

"Applied research" means a systematic inquiry into the practical application of science and technology. Applied research includes translational research, participative research, and other related terms that are similar to or share the goals of applied research.

"Assistance" means technical and financial assistance available under the program.

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

"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 261—Chapter 1.

"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."*

"MEP" means a manufacturing extension partnership and its associated program component.

"Program" means the components of the program established in this chapter pursuant to Iowa Code section 15.411.
[**ARC 8452C**, IAB 12/11/24, effective 1/15/25]

261—108.3(15) Program description, application procedures, and delegation of functions.

108.3(1) *Description.* The program provides technical assistance and financial assistance for the expansion of applied research and support for an MEP. All awards of financial assistance must be approved by the board, after submission of a proposal by the applicant and a recommendation on the proposal by the committee.

a. The applied research component makes financial assistance available to innovative businesses to connect university research to the innovative businesses' needs and to accelerate the transfer of new technologies to the marketplace. The authority may award financial assistance to university researchers who are attempting to align their research with market and industrial needs by forming partnerships with innovative businesses. Financial assistance under this component may take the form of grant funds. If grant funds are awarded, the applicant shall be required to match the amount of grant funds with other moneys at a ratio of one to one. Applicants may submit applications to the authority for assistance under this component. Such applications should describe in detail what activities the applicant will engage in to accelerate the validation of technology for the marketplace.

b. The MEP component makes financial assistance available to service providers that form partnerships with innovative businesses to conduct workshops for the purpose of providing assistance in determining and prioritizing applied research needs based on gaps in productivity or product needs and that offer to broker connections between innovative businesses and the researchers who can perform the necessary applied research. Financial assistance is also available to innovative businesses under this

component for product development, design verification, custom equipment development, manufacturing process development, and technology development and commercialization. The authority will award financial assistance to eligible innovative businesses. Applicants may submit applications to the authority for assistance under this component. Such applications should describe in detail the nature of the partnerships being formed, what activities the partnership will undertake, and how such activities will further the goals of this component. Applicants must submit applications for assistance under this component and must describe in detail how the proposed services will expand the applicant's market penetration, create a new product with market relevance, or enhance an existing product by further innovation.

108.3(2) *Application and award procedures.* Applicants to the program may submit applications to the authority for financial assistance. To be eligible, an applicant must meet the requirements of one of the components described in subrule 108.3(2). Authority staff will review applications to confirm program eligibility before sending them to the committee for a recommendation on funding. The committee will provide its recommendation to the board for a final determination on the provision of financial assistance. The board may approve, deny, or defer each application for financial assistance under the program. The board will consider applications for financial assistance on a first-come, first-served basis. If the board approves funding for a business, the authority will prepare a required contract specifying the terms and conditions under which the financial assistance is to be provided to the business.

[**ARC 8452C**, IAB 12/11/24, effective 1/15/25]

261—108.4(15) Program funding. Each year, the authority allocates moneys for purposes of the programs listed in Iowa Code section 15.411, including this program. The amount allocated each year will depend on the amount appropriated to the authority by the general assembly. The authority may allocate other funds to the program as such funds may from time to time become available.

[**ARC 8452C**, IAB 12/11/24, effective 1/15/25]

261—108.5(15) Contract and report information required.

108.5(1) *Contract required.* An applicant awarded financial assistance under the program shall enter into a contract with the authority for the receipt of such funds. No funds will be disbursed to the applicant until the applicant has entered into a contract with the authority. The authority will include in the contract all terms and conditions for receipt of the funds. The authority will make the final determination as to compliance with the terms of the contract and as to whether and when to disburse funds to the applicant.

108.5(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. The authority will include terms in the required contract effectuating this requirement.

[**ARC 8452C**, IAB 12/11/24, effective 1/15/25]

These rules are intended to implement Iowa Code section 15.411.

[Filed ARC 0611C (Notice ARC 0408C, IAB 10/17/12), IAB 2/20/13, effective 3/27/13]
[Filed ARC 6356C (Notice ARC 6243C, IAB 3/23/22), IAB 6/15/22, effective 7/20/22]
[Filed ARC 8452C (Notice ARC 8221C, IAB 9/18/24), IAB 12/11/24, effective 1/15/25]

CHAPTER 109
TARGETED INDUSTRIES CAREER AWARENESS FUND
Rescinded **ARC 6320C**, IAB 5/18/22, effective 6/22/22

CHAPTER 110
STEM INTERNSHIP PROGRAM
Transferred to 877—Chapter 30, IAC Supplement 11/1/23

CHAPTER 111
SUPPLY CHAIN DEVELOPMENT PROGRAM
Rescinded **ARC 6320C**, IAB 5/18/22, effective 6/22/22

CHAPTER 112
STATE SMALL BUSINESS CREDIT INITIATIVE (SSBCI)

Chapter rescission date pursuant to Iowa Code section 17A.7: 5/10/28

261—112.1(15) Purpose. The purpose of this chapter is to establish the eligible uses of the funds allocated to the state of Iowa on October 11, 2022, from the State Small Business Credit Initiative established by the United States Department of the Treasury. The funds are administered by the authority.
[**ARC 6978C**, IAB 4/5/23, effective 5/10/23]

261—112.2(15) Definitions. For purposes of this chapter, unless the context otherwise requires:

"Allocation" means the funds allocated to the state of Iowa on October 11, 2022, from the SSBCI by the Treasury. "Allocation" does not include any funds allocated to the state of Iowa from the SSBCI prior to October 11, 2022.

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

"SSBCI" means the State Small Business Credit Initiative established by the Treasury.

"Treasury" means the United States Department of the Treasury.
[**ARC 6978C**, IAB 4/5/23, effective 5/10/23]

261—112.3(15) Federal requirements. The allocation will be administered in accordance with all applicable federal laws, regulations, and guidance, including but not limited to any reporting requirements. The allocation will also be administered in accordance with any agreements between the state and Treasury relating to the SSBCI.
[**ARC 6978C**, IAB 4/5/23, effective 5/10/23]

261—112.4(15) Eligible uses. Eligible uses of the allocation include the following:

1. A loan participation program for manufacturing 4.0 investments.
2. A small business collateral support program.
3. A venture capital innovation fund program.
4. A venture capital co-investment fund program.
5. Any other purposes approved by the Treasury.

[**ARC 6978C**, IAB 4/5/23, effective 5/10/23]

261—112.5(15) Delegation of certain administrative functions. The authority may delegate certain administrative functions of the program to service providers who have entered into an agreement with the authority to provide such services. Functions that may be delegated pursuant to this rule include but are not limited to initial application review, tracking and monitoring of the applicant's progress, tracking and monitoring of contract terms and conditions, and provision of technical assistance to applicants. The authority will retain, and not delegate, any other function not delegated to a service provider pursuant to any agreement entered into between the authority and a service provider.
[**ARC 6978C**, IAB 4/5/23, effective 5/10/23]

These rules are intended to implement Iowa Code section 15.108(9)*"b."*

[Filed ARC 6978C (Notice ARC 6833C, IAB 1/25/23), IAB 4/5/23, effective 5/10/23]

CHAPTER 113
COMMUNITY MICROENTERPRISE DEVELOPMENT ORGANIZATION GRANT PROGRAM

Rescinded **ARC 1573C**, IAB 8/20/14, effective 9/24/14

CHAPTER 114
SEED INVESTOR TAX CREDIT PROGRAM

Chapter rescission date pursuant to Iowa Code section 17A.7: 2/25/31

261—114.1(15E) Definitions. For purposes of this chapter, unless the context otherwise requires:

"Affiliate" means the same as defined in Iowa Code section 15E.26. For the purposes of this definition, "controlling equity interest" means ownership of more than 50 percent of the outstanding equity interests of a corporation, partnership, limited liability company, or trust.

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

"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.

"Convertible debt" means debt that may be converted to equity at the option of the debt holder but has not yet been converted.

"Director" means the director of the authority.

"Eligible investor" means an investor making an investment that is eligible for a tax credit pursuant to this chapter and Iowa Code chapter 15E, subchapter IV.

"Equity" means common or preferred corporate stock or warrants to acquire such stock, membership interests in limited liability companies, or partnership interests in partnerships. Equity shall be limited to securities or interests acquired only for cash and shall not include securities or interests acquired at any time for services, contributions of property other than cash, convertible debt, or any other noncash consideration.

"Full-time equivalent employee" means a non-part-time position for the number of hours or days per week considered to be full-time work for the kind of service or work performed for an employer. Typically, a full-time equivalent position requires 2,080 hours of work in a calendar year, including all paid holidays, vacations, sick time, and other paid leave.

"Investment" means the same as defined in Iowa Code section 15E.26.

"Investor" means the same as defined in Iowa Code section 15E.26.

"Person" means an individual, corporation, limited liability company, business trust, estate, trust, partnership or association, or any other legal entity.

"Principal" means any current or prospective officer, director, or owner.

"Principal business operations" means the location at which at least 50 percent of a qualified business's employees are employed, the location at which employees representing at least 50 percent of a qualified business's payroll are employed, or the home office for a substantial amount of executive employees.

"Program" means the seed investor tax credit program administered pursuant to this chapter and Iowa Code chapter 15E, subchapter IV.

"Qualifying business" means the same as defined in Iowa Code section 15E.26.

"Rural area" means the same as defined in Iowa Code section 15E.26.

"Urban area" means the same as defined in Iowa Code section 15E.26.

[**ARC 0003D**, IAB 1/21/26, effective 2/25/26]

261—114.2(15E) Certification of qualifying businesses.

114.2(1) *Eligibility for certification as a qualifying business.* A business shall meet all of the criteria in Iowa Code section 15E.28 to be eligible for certification as a qualifying business.

114.2(2) *Length of business operations.* For the purposes of determining whether a business has been in operation for five years or less as required by Iowa Code section 15E.28(2)*"b,"* the authority will consider the following factors:

a. The date of incorporation or organization;

b. The date on which the business began the sale of goods or services;

c. The date on which the business first hired employees;

d. The date of execution of business contracts; and

e. Any other information that indicates the date on which the business began materially engaging in commercial activity.

114.2(3) *Application for certification.* A qualifying business shall apply to the authority for certification as a qualifying business as prescribed by the authority. The application for certification will include the following information:

a. A description of the general nature of the business's operations.

b. The location of the principal business operations, any other business locations, and the number of employees at each of the business's locations.

c. The date on which the business was formed and the date on which the business commenced operations based on the factors identified in subrule 114.2(2).

d. Verification that the business has at least one full-time equivalent employee.

e. Evidence that the business's primary operations are in a qualifying industry pursuant to Iowa Code section 15E.28(2)*"d."* Such evidence may include but is not limited to whether the business has a North American industry classification system (NAICS) number aligned with the relevant industries as determined by the authority. Businesses with other NAICS numbers will be required to document to the authority's satisfaction that the business is primarily engaged in an applicable industry identified in Iowa Code section 15E.28(2)*"d"* based on factors including but not limited to sources of revenue and customer base. For the purposes of determining whether the business is primarily engaged in the provision of services that require a professional license, "services requiring a professional license" includes but is not limited to the professions listed in Iowa Code section 496C.2.

f. Documentation of the ownership, affiliates, and principals of the business sufficient to demonstrate the business is an independent organization that is not part of, or an affiliate of, a business that is not a qualifying business and to demonstrate that the business has at least two investors for the purposes of establishing its eligibility pursuant to Iowa Code section 15E.28(2)*"h"*(2).

g. A description of the manner in which the business satisfies the business experience requirements set forth in Iowa Code section 15E.28(2)*"f."*

h. A balance sheet that reflects the qualifying business's assets, liabilities, and owners' equity as of the close of the most recent month or quarter.

i. The names, addresses, shares or equity interests issued; consideration paid for the shares or equity interests; and estimated amounts of tax credits through the program of all shareholders or equity holders and the date on which the investment was made, as well as documentation of any binding investment commitments made prior to application for certification. An agreement for convertible debt may be considered a binding investment commitment for the purposes of this paragraph.

j. A signed statement from an officer, director, manager, member, or general partner of the qualifying business certifying the accuracy of the information provided.

k. Any other information the authority may reasonably require to determine the business's eligibility for certification as a qualifying business and its investors' eligibility to receive tax credits or to allow the authority to estimate demand for tax credits.

114.2(4) *Authority review and notice of certification.*

a. Upon the authority's receipt of the information and documentation necessary to demonstrate satisfaction of the criteria set forth in Iowa Code section 15E.28, the authority shall, within a reasonable period of time, determine whether a business shall be certified as a qualifying business and, if applicable, issue written notification to the qualifying business that such business has been certified with the authority for the purpose of issuing investment tax credits. The authority will indicate in its written notice the first date investments are eligible for a tax credit based on the date of application for certification and the date the authority expects the certification to expire based on the date the business began operations. If the authority determines a business should not be certified, the authority shall issue written notification to the business of the denial of certification and provide the reasons why the business was not certified.

b. Prior to issuance of the written notification pursuant to paragraph 114.2(4)*"a,"* a qualifying business shall pay a nonrefundable application fee of $200 to the authority.

c. Following written notification of certification, a certified qualifying business shall enter into an agreement with the authority reflecting the terms of certification.

114.2(5) *Revocation and expiration of certification.*

a. A certified qualifying business shall provide any information the authority may reasonably request to confirm the business's continued eligibility for certification as a qualifying business and the eligibility of its investors to receive tax credits or to allow the authority to estimate demand for tax credits.

b. If a qualifying business fails to meet or maintain any requirement set forth in this chapter and in Iowa Code chapter 15E, subchapter IV, the authority shall revoke the business's certification as a qualifying business by issuing written notice of revocation to the business. The notice will identify the last date on which the business was eligible to be certified as a qualifying business. Investments made after the identified date will not be eligible for a tax credit.

c. If a business continues to satisfy all eligibility requirements until it has been in operation for more than five years, the business's certification will expire on the date identified as the expected date of expiration pursuant to paragraph 114.2(4)*"a."* Investments made after the identified date will not be eligible for a tax credit.

d. The authority shall rescind any tax credit certificates issued to taxpayers for investments made after the date on which the business's certification was revoked or expired and shall notify the department of revenue that it has done so. A tax credit certificate that has been rescinded by the authority shall be null and void, and the department of revenue will not accept the tax credit certificate.

114.2(6) *Reporting.*

a. A certified qualifying business shall report new equity interests or transfers in equity among current equity holders or as any other information on the list of investors provided to the authority as part of the application for certification may change.

b. The authority may at any time request additional information and documentation from a qualifying business regarding the operations, job creation, and economic impact of such qualifying business, and the authority may use such information in preparing and publishing any reports to be provided to the governor and the general assembly to the extent such information is not confidential pursuant to Iowa Code section 15E.29.

[**ARC 0003D**, IAB 1/21/26, effective 2/25/26]

261—114.3(15E) Investment and investor requirements.

114.3(1) Only investments made after the date a qualifying business submits an application for certification shall qualify for a tax credit.

114.3(2) A taxpayer shall not claim a tax credit through the program if the taxpayer receives a tax credit for the same investment through another program administered by the authority.

114.3(3) A qualifying business must submit documentation of an investment to the authority, consistent with paragraph 114.4(1)*"b,"* during the first available application window following the investment for the investment to qualify for a tax credit. If the first available application window following the investment concludes prior to approval of certification of the applicable qualifying business, the investor may apply in the first available application window following approval of certification.

114.3(4) Convertible debt shall only be considered an investment in the form of cash to purchase equity as of the date of conversion. Investors that utilize convertible debt must document the date and terms of conversion to equity to be eligible for a tax credit.

114.3(5) A simple agreement for future equity (SAFE) or comparable instrument may be evaluated by the authority to determine whether it constitutes an investment in the form of cash to purchase equity. An instrument that creates debt will not be considered.

114.3(6) Pursuant to the requirements and definitions in Iowa Code chapter 15E, subchapter IV, the authority will also verify the following to determine the eligibility of an investment for a tax credit:

a. The amount of the investment is at least $10,000.

b. The investment is not made by an affiliate of the qualifying business or its principals.

c. The investment is not made by an individual or entity that owns 70 percent or more of the qualifying business.

[**ARC 0003D**, IAB 1/21/26, effective 2/25/26]

261—114.4(15E) Applying for an investment tax credit.

114.4(1) *Annual business application.* The annual application submitted by qualifying businesses will include:

a. A report from the business of any changes to the information provided in the application for certification pursuant to subrule 114.2(3).

b. The names, addresses, email addresses, phone numbers, shares or equity interests issued, and consideration paid for the shares or equity interests of all shareholders or equity holders, including but not limited to investors who may qualify for the tax credits and the date on which all investments were made.

c. Documentation of the ownership, affiliates, and principals of the qualifying business and of its investors sufficient to allow the authority to determine the following:

(1) Whether any investors are ineligible for a tax credit because the investor is an affiliate of the qualifying business or its principals.

(2) Whether any investors are ineligible for a tax credit because the individual or entity owns 70 percent or more of the qualifying business.

(3) Whether tax credits issued to an investor and the investor's spouse or dependent would exceed the maximum allowed pursuant to Iowa Code section 15E.27(2)*"b"*(1).

d. A signed statement from an officer, director, manager, member, or general partner of the qualifying business certifying the accuracy of the information provided.

e. A listing of investments that are anticipated to be eligible for tax credits during the fiscal year following submission of the application.

f. Any other information the authority may reasonably require to determine the business's continued eligibility for certification as a qualifying business and its investors' eligibility to receive tax credits or to allow the authority to estimate demand for tax credits.

114.4(2) *Application window.* The annual application required pursuant to Iowa Code section 15E.28(5) shall be submitted electronically to the authority from September 1 to December 31 each year. The authority may adjust the annual application period dates under extenuating circumstances and will provide notice of adjustments on the authority's website. The authority may cease accepting applications during any annual application period if the requested tax credits for the program and the requested tax credits for innovation fund investment tax credits available pursuant to Iowa Code section 15E.52 exceed $12 million. Applications shall be date- and time-stamped by the authority in the order in which such applications are received.

114.4(3) *Board approval of maximum tax credits.* The board will determine the total amount of tax credits available for each fiscal year pursuant to Iowa Code section 15.119. The authority will make its initial allocation of tax credits to eligible investors based on the order in which applications are received until the maximum aggregate amount of credits authorized for issuance has been reached for any fiscal year.

114.4(4) *Investor information and deadline.* Additional information that may be requested from investors identified by a qualifying business includes proof of investment and the investor's tax identification number. An eligible investor must provide any information requested by the authority to verify the eligibility of the investor and to allow the authority to issue a tax credit certificate. Such information shall be provided within 30 days of a request from the authority unless a request for extension is approved by the authority in writing.

114.4(5) *Tax credit approval.* Authority staff will verify the continued eligibility of qualifying businesses and the eligibility of investments prior to approval of tax credits by the director. Tax credits will be approved by the director on a first-come, first-served basis until the maximum amount of tax credits approved by the board is fully utilized. Applications that exceed the maximum amount of tax credits approved by the board will be denied.

114.4(6) *Tax credit amount.* The location of the principal business operations will be utilized to determine whether a qualifying business is located in a rural area or an urban area for the purposes of establishing the amount of a tax credit pursuant to Iowa Code section 15E.27(2)*"a."*

114.4(7) *Tax credit limitations.* Tax credits are limited by the following:

a. The total amount of tax credits available for the program, approved by the board pursuant to Iowa Code section 15.119.

b. The maximums allowed per fiscal year for a natural person, corporation, or other entity pursuant to Iowa Code section 15E.27(2).

c. The maximum allowed per fiscal year for any one qualifying business pursuant to Iowa Code section 15E.27(2).

114.4(8) *Denial of applications.* Applications received by the authority that exceed the limitations described in Iowa Code sections 15.119 and 15E.27 and in subrule 114.4(7) will be denied, regardless of whether the investment was otherwise eligible to receive a tax credit award. Any application that can be partially approved without exceeding the applicable maximum amounts may be approved as to the portion less than the maximum amounts and denied as to the portion greater than the maximum amounts. For example, if an application is eligible for $50,000 of tax credits, but there is only $30,000 of the business maximum amount available, the application may be approved for $30,000 and denied for $20,000.

[**ARC 0003D**, IAB 1/21/26, effective 2/25/26]

261—114.5(15E) Tax credit certificates.

114.5(1) *Issuance by the authority.* The authority shall issue tax credit certificates to investors pursuant to Iowa Code section 15E.28 provided, however, that such tax credit certificate shall be subject to rescission pursuant to paragraph 114.2(5)*"d."*

114.5(2) *Vested right.* A taxpayer does not obtain a vested right in a tax credit until a certificate has been issued by the authority.

114.5(3) *Claiming an investment tax credit.* An investor that has been issued a tax credit certificate by the authority may claim the credit in accordance with any applicable rules adopted by the department of revenue.

[**ARC 0003D**, IAB 1/21/26, effective 2/25/26]

These rules are intended to implement Iowa Code chapter 15E, subchapter IV.

[Filed ARC 0003D (Notice ARC 9670C, IAB 11/12/25), IAB 1/21/26, effective 2/25/26]

CHAPTER 115
TAX CREDITS FOR INVESTMENTS IN QUALIFYING BUSINESSES

Rescinded **ARC 0004D**, IAB 1/21/26, effective 2/25/26

CHAPTER 116
TAX CREDITS FOR INVESTMENTS IN CERTIFIED INNOVATION FUNDS

Chapter rescission date pursuant to Iowa Code section 17A.7: 2/25/31

261—116.1(15E) Definitions. For purposes of this chapter, unless the context otherwise requires:

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

"Board" means the same as defined in Iowa Code section 15.102.

"Convertible debt" means debt that may be converted to equity at the option of the debt holder but has not yet been converted.

"Equity" means common or preferred corporate stock or warrants to acquire such stock, membership interests in limited liability companies, partnership interests in partnerships, or near equity. Equity shall be limited to securities or interests acquired only for cash and shall not include securities or interests acquired at any time for services, contributions of property other than cash, or any other non-cash consideration.

"Innovation fund" means the same as defined in Iowa Code section 15E.52.

"Innovative business" means the same as defined in Iowa Code section 15E.52.

"Investor" means a taxpayer that makes an investment in an innovation fund.

"Program" means the tax credit program for investments in certified innovation funds available pursuant to this chapter and Iowa Code section 15E.52.

[**ARC 0005D**, IAB 1/21/26, effective 2/25/26]

261—116.2(15E) Certification of innovation funds.

116.2(1) An innovation fund shall submit an application for certification to the authority prior to the issuance of any investment tax credits to investors in such innovation funds. The innovation fund must submit the application within 120 days from the first date on which the equity investments qualifying for the investment tax credit have been made.

116.2(2) Application forms setting forth the information required to certify the eligibility of an innovation fund may be obtained by contacting the authority.

116.2(3) The authority will not issue a tax credit certificate until the board has certified that a fund meets all of the following criteria:

a. The innovation fund has submitted a copy of the innovation fund's certificate of limited partnership, limited partnership agreement, articles of organization or operating agreement certified by the chief executive officer of the innovation fund.

b. The innovation fund has submitted a signed statement from an officer, director, manager, member or general partner of the fund stating that the criteria established in Iowa Code section 15E.52 are met.

(1) For the purposes of determining whether an innovation fund will make investments in promising early-stage companies that have a principal place of business in the state, "having a principal place of business in the state" means (1) that the business has at least 50 percent of all of its employees in the state, (2) that the business pays at least 50 percent of the business's total payroll to employees residing in the state, or (3) that the home office for a substantial amount of executive employees is in the state.

(2) To establish that the criterion in Iowa Code section 15E.52(7)*"d"* is met, the innovation fund shall provide a detailed description of the framework the innovation fund will use to evaluate a business's growth potential and its ability to produce commercially viable products or services within a reasonable period of time. The description shall list and discuss the criteria and the attendant process that the innovation fund will use to evaluate businesses. The authority will consider requests submitted under Iowa Code section 15.118 or 22.7 to treat the evaluation framework as confidential.

(3) To establish that the criterion in Iowa Code section 15E.52(7)*"e"* is met, an innovation fund shall provide a detailed description of the methods by which each business will be evaluated. An innovation fund shall also submit a plan describing the actions it will take in order to collaborate and coordinate with other state and local entities and the ways in which the innovation fund intends to ensure consistency with the policy goals of this chapter. Such a plan shall propose to create relationships that can be substantiated in writing, which may include without limitation contracts, memoranda of understanding, letters of support, affidavits, or joint press releases from or with the entities that will be involved in the collaborative and

coordinating efforts or through a list and summary description of the dates and locations for meetings held between the innovation fund and the other entities that allowed for collaboration and coordination between the innovation fund and those entities in an effort to achieve policy consistency.

(4) To establish that the criterion in Iowa Code section 15E.52(7)*"f"* is met, an innovation fund shall provide written confirmation of such relationships, which may include without limitation contracts, memoranda of understanding, letters of support, affidavits, or joint press releases from or with the regents institutions of this state or a list and summary description of the dates and locations for meetings held between the innovation fund and the regents institutions, the names of representatives of regents institutions with whom the innovation fund has met, and a brief summary of the discussions at those meetings.

(5) To establish that the criterion in Iowa Code section 15E.52(7)*"g"* is met, an innovation fund shall include provisions in the fund's governing documents that provide for the continued operations of the fund only if the minimum level of investment commitment is reached.

(6) To assist the authority in determining the amount of tax credits to allocate for the program for each fiscal year, an innovation fund shall provide any available information about the timing and amounts of investments anticipated during the existence of the fund.

116.2(4) Upon the authority's receipt of the information and documentation necessary to demonstrate satisfaction of the criteria set forth in Iowa Code section 15E.52 and herein, the authority shall, within a reasonable period of time, determine whether to certify the innovation fund. Incomplete applications will not be forwarded to the board. If the authority determines an innovation fund should not be certified, the authority shall issue written notification to the innovation fund of the denial of certification and provide the reasons why the innovation was not certified. The authority shall issue written notification to the innovation fund that the fund has been certified for the purpose of issuing investment tax credits. This written notification shall contain the following statement:

> The Authority shall not be liable for an innovation fund's failure to maintain compliance with the certification requirements nor for an investor's loss of tax credit certificates resulting from either a failure to maintain compliance or from a revocation.

116.2(5) An innovation fund certified before July 1, 2025, that wishes to take advantage of the changes in 2025 Iowa Acts, Senate File 657, must submit an amended application to the board and demonstrate that the innovation fund meets all new requirements for certification.

[**ARC 0005D**, IAB 1/21/26, effective 2/25/26]

261—116.3(15E) Maintenance, reporting, and revocation of certification.

116.3(1) On or before December 31 of each year, each certified innovation fund shall collect and provide to the board, in the manner and form prescribed by the authority, the following information and documentation:

a. The amount of equity investments made in the innovation fund, both on an annual and a cumulative basis.

b. The information required in Iowa Code section 15E.52(10)*"e."*

c. In order to establish that an innovation fund has met the criterion found in Iowa Code section 15E.52(7)*"e,"* documentation and information in the manner and form required by the authority. Such documentation and information may include without limitation contracts, memoranda of understanding, letters of support, affidavits, joint press releases, or a list and summary description of the dates and locations for meetings held between the innovation fund and the other entities that allowed for collaboration and coordination between the innovation fund and those entities in an effort to achieve policy consistency.

d. In order to establish that an innovation fund has met the criterion found in Iowa Code section 15E.52(7)*"f,"* documentation and information in the manner and form required by the authority. Such documentation and information may include without limitation contracts, memoranda of understanding, letters of support, affidavits, joint press releases, or a list and summary description of the dates and locations for meetings held between the innovation fund and regents institutions, the names of representatives of regents institutions with whom the innovation fund has met, and a brief summary of

the discussions at those meetings. The innovation fund shall also indicate if any business in which it has invested is commercializing research developed at one of the regents institutions.

e. A list of investors that expected to be eligible for tax credits during the fiscal year in which the report is submitted and the following fiscal year, the date of such investors' investments, and the amount of the investments.

f. To the extent available, documentation sufficient to verify the completion and eligibility of any investment for which a tax credit will be requested during the fiscal year in which the report is submitted.

116.3(2) Upon obtaining the required minimum threshold of $3 million in binding investment commitments, an innovation fund shall submit a statement containing the names, addresses, equity interests issued and consideration paid for the interests of all investors who may initially qualify for the tax credits. An innovation fund shall submit an amended statement as may be necessary from time to time to reflect new equity interests or transfers in equity among current equity holders or as any other information on the list may change. The authority will consider requests submitted under Iowa Code section 15.118 to treat investor names and amounts as confidential.

116.3(3) The board may revoke an innovation fund's certification if any of the following events occur:

a. An innovation fund fails to secure the required $3 million in initial binding investment commitments within one year of the date of certification by the board or fails at any point thereafter to secure investment from its investors of at least $3 million. If an investor in an innovation fund fails to make a capital call by the innovation fund and that failure would cause the innovation fund to fail to secure the required minimum $3 million in investment, then the authority will allow the innovation fund a period of not more than 120 days after receiving notice of the failed capital call to secure additional investment commitments sufficient to meet the required minimum investment.

b. An innovation fund fails to timely submit the report required in Iowa Code section 15E.52(9).

c. An innovation fund fails to maintain the eligibility criteria as set forth in Iowa Code section 15E.52.

The board may forbear revocation under this subrule for good cause shown or for demonstration of extenuating circumstances. Such forbearance shall be at the board's discretion and for the period of time determined by the board to be in the best interest of the program and the state of Iowa.

116.3(4) If the board finds that a fund is out of compliance or revokes an innovation fund's certification, the board will not issue tax credit certificates to investors in the innovation fund until the innovation fund manager demonstrates to the board that the innovation fund again meets the eligibility criteria set forth in Iowa Code section 15E.52. If an investor makes an equity investment prior to a notice of noncompliance and a revocation of an innovation fund's certification, the board will issue the tax credit certificate as set forth in rule 261—116.6(15E). If an investor is issued a tax credit certificate prior to a revocation of certification, the investor shall have all of the rights described in Iowa Code section 15E.52(5).

[**ARC 0005D**, IAB 1/21/26, effective 2/25/26]

261—116.4(15E) Investment and investor requirements.

116.4(1) Investments made more than 120 days before an innovation fund applies for certification are not eligible for a tax credit.

116.4(2) A taxpayer shall not claim a tax credit through the program if the taxpayer receives a tax credit for the same investment through another program administered by the authority.

116.4(3) For investments made on or after July 1, 2026, an investor must apply for a tax credit during the first available application window following the investment for the investment to qualify for a tax credit. If the first available application window following the investment concludes prior to approval of certification of the applicable innovation fund, the investor may apply in the first available application window following approval of certification.

116.4(4) Convertible debt shall only be considered an investment in the form of cash to purchase equity as of the date of conversion. Investors that utilize convertible debt must document the date and terms of conversion to equity to be eligible for a tax credit.

[**ARC 0005D**, IAB 1/21/26, effective 2/25/26]

261—116.5(15E) Application for the investment tax credit certificate.

116.5(1) *Investor application.* Investors may apply for an investment tax credit certificate for each equity investment made in a certified innovation fund by submitting an application to the authority for approval by the board and providing such other information and documentation as may be requested by the authority. A certified innovation fund shall provide any information and documentation requested by the authority relating to an investment, including proof of investment.

116.5(2) *Application window.* For fiscal years beginning on or after July 1, 2026, applications shall be submitted electronically to the authority from September 1 to December 31 each year. The authority may adjust the annual application period dates under extenuating circumstances and will provide notice of adjustments on the authority's website. The authority may cease accepting applications during any annual application period if the requested tax credits for the program and the requested tax credits for the seed investor tax credit program available pursuant to Iowa Code chapter 15E, subchapter IV, exceed $12 million. Applications shall be date- and time-stamped by the authority in the order in which such applications are received.

116.5(3) *Board approval of maximum tax credits.* The board will determine the total amount of tax credits to allocate for each fiscal year pursuant to Iowa Code section 15.119.

116.5(4) *Recommendation and approval of tax credits.* Authority staff will make a recommendation to the board for approval of tax credits to eligible investors. The board will approve tax credit certificates on a first-come, first-served basis until the maximum aggregate amount of credits authorized for issuance has been reached for any fiscal year.

[**ARC 0005D**, IAB 1/21/26, effective 2/25/26]

261—116.6(15E) Tax credit certificates.

116.6(1) *Preparation of the certificate.* The tax credit certificate shall be in a form approved by the authority and shall contain the taxpayer's name, address, and tax identification number; the amount of credit; the name of the innovation fund; the year in which the investment was made; and any other information that may be required by the department of revenue.

116.6(2) *Vested right.* A taxpayer does not obtain a vested right in a tax credit until a certificate has been issued by the authority.

116.6(3) *Claiming and transferring tax credits.* To claim a tax credit under this chapter, a taxpayer must attach to that taxpayer's tax return a certificate issued pursuant to Iowa Code section 15E.52 and this chapter when the return is filed with the department of revenue. A tax credit may be claimed in the first year that a certificate is issued. Tax credits shall be claimed in accordance with any applicable rules adopted by the department of revenue. A tax credit may be transferred in accordance with Iowa Code section 15E.52 and any applicable rules adopted by the department of revenue.

[**ARC 0005D**, IAB 1/21/26, effective 2/25/26]

261—116.7(15E) Additional information. The authority may at any time request additional information and documentation from an innovation fund regarding the operations, job creation and economic impact of the fund, and the authority may use such information in preparing and publishing any reports to be provided to the governor and the general assembly to the extent such information is not confidential pursuant to Iowa Code sections 15.118 and 22.7 or other applicable law.

[**ARC 0005D**, IAB 1/21/26, effective 2/25/26]

These rules are intended to implement Iowa Code section 15E.52.

[Filed ARC 0009C (Notice ARC 9845B, IAB 11/16/11), IAB 2/8/12, effective 3/14/12]

[Filed Emergency After Notice ARC 1098C (Notice ARC 0940C, IAB 8/7/13), IAB 10/16/13, effective 10/1/13]

[Filed ARC 4512C (Notice ARC 4355C, IAB 3/27/19), IAB 6/19/19, effective 7/24/19]

[Filed ARC 7492C (Notice ARC 7106C, IAB 11/1/23), IAB 1/10/24, effective 2/14/24]

[Filed ARC 0005D (Notice ARC 9672C, IAB 11/12/25), IAB 1/21/26, effective 2/25/26]

CHAPTER 117
SSBCI DEMONSTRATION FUND

Rescinded **ARC 9998C**, IAB 1/21/26, effective 2/25/26

CHAPTER 118
STRATEGIC INFRASTRUCTURE PROGRAM

Chapter rescission date pursuant to Iowa Code section 17A.7: 1/15/30

261—118.1(15) Purpose. The purpose of the strategic infrastructure program is to assist projects that develop commonly utilized assets that provide an advantage to one or more private sector entities or that create necessary physical infrastructure in the state of Iowa, and such projects are not adequately provided by the public or private sectors.
[**ARC 8453C**, IAB 12/11/24, effective 1/15/25]

261—118.2(15) Definitions.

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

"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.

"Council" means the Iowa innovation council established pursuant to Iowa Code section 15.117A, any panel or committee composed of members of the council, or a committee appointed pursuant to Iowa Code section 15.117A(7) as enacted by 2024 Iowa Acts, Senate File 2385.

"Director" means the director of the economic development authority.

"Financial assistance" means the same as defined in Iowa Code section 15.102.

"Program" means the strategic infrastructure program established in this chapter.

"Strategic infrastructure" means the same as defined in Iowa Code section 15.313.

"Vertical improvement" means the same as defined in Iowa Code section 15J.2.
[**ARC 8453C**, IAB 12/11/24, effective 1/15/25]

261—118.3(15) Program eligibility and application requirements. To be eligible for financial assistance under the program, an applicant shall do all of the following:

118.3(1) The applicant must propose to invest in strategic infrastructure and describe how each element in Iowa Code section 15.313(4)*"b"* is satisfied.

118.3(2) The applicant must describe in detail the nature, scope, design, and goals of the proposed strategic infrastructure project, including the relationships of the entities and individuals involved.

118.3(3) The applicant must describe the proposed financing structure for the proposed infrastructure project, including the sources of funds and the proposed uses of the funds.
[**ARC 8453C**, IAB 12/11/24, effective 1/15/25]

261—118.4(15) Application submittal and review process.

118.4(1) The authority will develop a standardized application process and invite applicants with strategic infrastructure projects that may be eligible for the program to apply. To apply for assistance under the program, an applicant shall submit an application to the authority in the form and manner prescribed by the authority.

118.4(2) Applications will be accepted on a continuing basis and processed by authority staff. Applications will be reviewed in the order received by the authority.

118.4(3) The authority may refuse to accept incomplete applications or may refuse to accept applications because of insufficient funds.

118.4(4) The council will score applications according to the criteria specified in rule 261—118.7(15) and make recommendations to the board pursuant to Iowa Code section 15.313(3). The board will take final action on all applications for financial assistance.
[**ARC 8453C**, IAB 12/11/24, effective 1/15/25]

261—118.5(15) Application scoring criteria. The criteria under which each application will be scored are:

118.5(1) The overall quality of the proposed strategic infrastructure project, including the project's estimated economic impact. The council will consider the structure of the proposed strategic infrastructure project and the partnerships proposed to be formed.

118.5(2) The extent to which the commonly utilized asset proposed by applicant benefits one or more private sector entities and the extent to which the commonly utilized asset creates necessary physical infrastructure in the state. More points will be awarded to proposed strategic infrastructure projects demonstrating greater benefits or benefits to more entities and to proposed strategic infrastructure projects demonstrating more critical necessary physical infrastructure.

118.5(3) The extent to which the proposed strategic infrastructure project provides benefits that are not adequately provided by the public or private sectors.

118.5(4) The importance of the vertical infrastructure improvement developments, facilities and equipment upgrades, or the redevelopment or repurposing of underutilized property or other assets that are proposed, the extent to which the proposed strategic infrastructure project will attract additional public or private sector investment, and the likelihood that the proposed strategic infrastructure project will result in broad-based prosperity in the state of Iowa.

118.5(5) The sufficiency of the proposed strategic infrastructure project's financing structure, the feasibility of the sources of funds, and the appropriateness of the proposed uses of the funds. The council will consider a proposed strategic infrastructure project's overall financing gap and the total amount of funds leveraged from other sources.

[**ARC 8453C**, IAB 12/11/24, effective 1/15/25]

261—118.6(15) Award administration and reporting.

118.6(1) *Notice of award.* Successful applicants will be notified in writing of an award of financial assistance, including any conditions and terms of the award.

118.6(2) *Contract administration and amendments.* 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. Substantial amendments to a contract must be approved by the board. Substantial amendments include the amount of financial assistance, the length of the contract, and the terms of a settlement following an event of default. Other changes or amendments to the contract may be negotiated by the authority with the approval of the director.

118.6(3) *Disbursement of funds.* The authority will disburse funds to a strategic infrastructure project only after a complete application has been received, an award has been recommended by the council and 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 as provided under the contract.

118.6(4) *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.

[**ARC 8453C**, IAB 12/11/24, effective 1/15/25]

These rules are intended to implement Iowa Code section 15.313.

[Filed ARC 1825C (Notice ARC 1691C, IAB 10/29/14), IAB 1/21/15, effective 2/25/15]

[Filed ARC 8453C (Notice ARC 8222C, IAB 9/18/24), IAB 12/11/24, effective 1/15/25]

CHAPTER 119
MANUFACTURING 4.0 TECHNOLOGY INVESTMENT PROGRAM

Chapter rescission date pursuant to Iowa Code section 17A.7: 1/15/30

261—119.1(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.
[**ARC 8454C**, IAB 12/11/24, effective 1/15/25]

261—119.2(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 same as defined in Iowa Code section 15.102.

"Eligible business" means a business meeting the requirements of rule 261—119.3(15).

"Financial assistance" means the same as defined in Iowa Code section 15.102.

"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 the same as "manufacturing 4.0 technology investments" defined in Iowa Code section 15.371.

"Program" means the manufacturing 4.0 technology investment program established in this chapter.
[**ARC 8454C**, IAB 12/11/24, effective 1/15/25]

261—119.3(15) Program eligibility. To be eligible for financial assistance under the program, an applicant must propose a manufacturing 4.0 technology investment that has not been made prior to the date of application and meet all the requirements established in Iowa Code section 15.371(5). For the purposes of determining whether an applicant employs a minimum of 3 employees and no more than 125 employees pursuant to Iowa Code section 15.371(5)*"e,"* "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.
[**ARC 8454C**, IAB 12/11/24, effective 1/15/25]

261—119.4(15) Application submittal and review process.

119.4(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.

119.4(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.

119.4(3) The authority may refuse to accept incomplete applications or may refuse to accept applications because of insufficient funds.

119.4(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 119.4(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.

119.4(5) An applicant may submit multiple applications for the duration of the program. However, the maximum amount of financial assistance awarded to any eligible business for all its applications under the program shall not exceed $75,000.

119.4(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.

[**ARC 8454C**, IAB 12/11/24, effective 1/15/25]

261—119.5(15) Application scoring criteria.

119.5(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.

119.5(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. 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 Iowa Code section 15.371(5)*"f."*

c. The extent to which the investment integrates smart technologies into existing manufacturing operations and the amount and scope of the business's investment.

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.

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

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.

g. Whether and the extent to which the business has previously received financial assistance from the program.

[**ARC 8454C**, IAB 12/11/24, effective 1/15/25]

261—119.6(15) Contract administration.

119.6(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.

119.6(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.

[**ARC 8454C**, IAB 12/11/24, effective 1/15/25]

261—119.7(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. Expenditures for labor performed by a business's employees are not eligible for reimbursement.
[**ARC 8454C**, IAB 12/11/24, effective 1/15/25]

261—119.8(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.
[**ARC 8454C**, IAB 12/11/24, effective 1/15/25]

These rules are intended to implement Iowa Code section 15.371.

[Filed Emergency After Notice ARC 5972C (Notice ARC 5792C, IAB 7/28/21), IAB 10/6/21, effective 9/17/21]

[Filed ARC 8454C (Notice ARC 8223C, IAB 9/18/24), IAB 12/11/24, effective 1/15/25]

CHAPTERS 120 to 130
Reserved

CHAPTER 131
[Prior to 9/6/00, see 261—Ch 67]
Rescinded IAB 7/9/03, effective 8/13/03

CHAPTER 132
IOWA EXPORT TRADE ASSISTANCE PROGRAM
[Prior to 11/15/89, see 261—Ch 56]
[Prior to 7/19/95, see 261—Ch 61]
[Prior to 9/6/00, see 261—Ch 68]
[Renumbered IAB 7/4/07; see 261—Ch 72]

CHAPTERS 133 to 162
Reserved

PART VI
ADMINISTRATION DIVISION

CHAPTER 163
DIVISION RESPONSIBILITIES
[Prior to 9/6/00, see 261—Ch 71]
Rescinded **ARC 8258C**, IAB 10/16/24, effective 11/20/24

CHAPTER 164
USE OF MARKETING LOGO
[Prior to 7/19/95, see 261—Ch 55]
[Prior to 9/6/00, see 261—Ch 72]
Rescinded **ARC 7056C**, IAB 8/9/23, effective 9/13/23

CHAPTER 165
ALLOCATION OF GROW IOWA VALUES FUND
[Prior to 7/4/07, see 261—Ch 2]
Rescinded **ARC 9998C**, IAB 1/21/26, effective 2/25/26

CHAPTERS 166 and 167
Reserved

CHAPTER 168
ADDITIONAL PROGRAM REQUIREMENTS
[Prior to 9/6/00, see 261—Ch 80]
Rescinded IAB 7/4/07, effective 6/15/07; see 261—Part VII

CHAPTER 169
PUBLIC RECORDS AND FAIR INFORMATION PRACTICES
[Prior to 9/6/00, see 261—Ch 100]
[Renumbered IAB 7/4/07; see 261—Ch 195]

CHAPTER 170
DEPARTMENT PROCEDURE FOR RULE MAKING
[Prior to 9/6/00, see 261—Ch 101]
[Renumbered IAB 7/4/07; see 261—Ch 196]

PART VII
ADDITIONAL APPLICATION REQUIREMENTS AND PROCEDURES

CHAPTER 171
SUPPLEMENTAL CREDIT OR POINTS
[IAB 7/4/07, 261—Ch 171 renumbered as 261—Ch 197]
[Prior to 7/4/07, see 261—Ch 168, div I, III]
Rescinded **ARC 9998C**, IAB 1/21/26, effective 2/25/26

CHAPTER 172
ENVIRONMENTAL LAW COMPLIANCE; VIOLATIONS OF LAW
[IAB 7/4/07, 261—Ch 172 renumbered as 261—Ch 198]
[Prior to 7/4/07, see 261—Ch 168, div II]
Rescinded **ARC 8145C**, IAB 7/24/24, effective 8/28/24

CHAPTER 173
STANDARD DEFINITIONS
[IAB 7/4/07, 261—Ch 173 renumbered as 261—Ch 199]
[Prior to 7/4/07, see 261—Ch 168, div V]
Rescinded **ARC 8145C**, IAB 7/24/24, effective 8/28/24

CHAPTER 174
WAGE, BENEFIT, AND INVESTMENT REQUIREMENTS
[Prior to 7/4/07, see 261—Ch 168, div IV]
Rescinded **ARC 8145C**, IAB 7/24/24, effective 8/28/24

CHAPTER 175
APPLICATION REVIEW AND APPROVAL PROCEDURES
Rescinded **ARC 8145C**, IAB 7/24/24, effective 8/28/24

CHAPTERS 176 to 186
Reserved

PART VIII
LEGAL AND COMPLIANCE

CHAPTER 187
CONTRACTING
[Prior to 7/4/07, see 261—Ch 168, div VI]
Rescinded **ARC 8145C**, IAB 7/24/24, effective 8/28/24

CHAPTER 188
CONTRACT COMPLIANCE AND JOB COUNTING
Rescinded **ARC 8145C**, IAB 7/24/24, effective 8/28/24

CHAPTER 189
ANNUAL REPORTING
Rescinded **ARC 8145C**, IAB 7/24/24, effective 8/28/24

CHAPTERS 190 to 194
Reserved

PART IX
UNIFORM PROCEDURES: RECORDS, RULEMAKING, DECLARATORY ORDERS, RULE WAIVERS

CHAPTER 195
PUBLIC RECORDS AND FAIR INFORMATION PRACTICES

[Prior to 9/6/00, see 261—Ch 100]
[Prior to 7/4/07, see 261—Ch 169]

Chapter rescission date pursuant to Iowa Code section 17A.7: 5/21/30

261—195.1(15,22) Definitions. As used in this chapter:

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

"Confidential records" means records, as identified in Iowa Code section 15.118 or 22.7 or any other provision of law, that are not disclosed to members of the public unless otherwise ordered by a court, by the custodian of the records, or by another person duly authorized to release the records. A record may be partially or wholly confidential.

"Custodian" means a lawful custodian as defined in Iowa Code section 22.1.

"Open record" means a record other than a confidential record.

"Personally identifiable information" means information about or pertaining to an individual in a record that identifies the individual and that is contained in a record system.

"Record" means the whole or a part of a "public record" as defined in Iowa Code section 22.1 that is owned by or is in the physical possession of the authority.

"Record system" means any group of records under the control of the authority from which a record may be retrieved by a personal identifier, such as the name of an individual, number, symbol, or other unique retriever assigned to an individual.

"Request for confidential treatment" means a request, made pursuant to rule 261—195.4(15,22), for the authority to treat a record as a confidential record and withhold such record from public inspection.

[**ARC 9138C**, IAB 4/16/25, effective 5/21/25]

261—195.2(15,22) Requests for access to authority records.

195.2(1) *Location of record.* A request for access to an authority record should be directed to the authority at 1963 Bell Avenue, Suite 200, Des Moines, Iowa 50309, or an email address indicated on the authority's website for the purpose of requesting records. If a request for access to a record is misdirected, authority staff will promptly forward the request to the appropriate person within the authority.

195.2(2) *Office hours.* Open records are available during customary office hours of 8 a.m. to 4:30 p.m. on Monday through Friday, excluding legal holidays.

195.2(3) *Request for access.* Requests for access to authority records may be made in writing, including by email, in person, or by telephone. Requests must identify the particular records sought by name or description in order to facilitate the location of the record. A request made other than in person must include the name, email address if available and telephone number of the person requesting the information. If a person asks to be mailed paper copies of a record, a mailing address must be included in the request. A person is not required to give a reason for requesting an open record.

195.2(4) *Response to requests.* The authority is authorized to grant or deny access to records according to the provisions of Iowa Code chapter 22, this chapter or any other provision of law. Access to an open record shall be granted promptly upon request. If the size or nature of the request necessitates time for compliance, the authority shall comply with the request as soon as possible. The authority may delay access to a record for any of the reasons set forth in Iowa Code section 22.8(4) or 22.10(4). The authority must promptly give written notice to the requester of the reason for any delay in access to a record and the estimated length of that delay.

195.2(5) *Security of record.* No person may, without permission from the authority, search or remove any record from authority files. Examination and copying of records will be done under the supervision of authority staff to ensure records are protected from damage and disorganization.

195.2(6) *Copying.* The authority will permit the copying of records as described in Iowa Code section 22.3.

195.2(7) *Fees.* The authority may charge fees for records as authorized by Iowa Code section 22.3 or another provision of law. An hourly fee may be estimated in advance and charged for actual authority expenses in the inspection, reviewing, and copying of requested records when the total staff time dedicated to fulfilling the request requires an excess of two hours. When the estimated fee chargeable under this subrule exceeds $25, the authority may require a requester to make an advance payment of all or part of the estimated fee. When a requester has previously failed to pay a fee charged under this subrule, the authority may require advance payment of the full amount of any estimated fee before the authority processes a new or pending request for access to records from that requester, as well as payment in full of the amount previously owed.

[**ARC 9138C**, IAB 4/16/25, effective 5/21/25]

261—195.3(15,22) Access to confidential records. The following procedures for access to confidential records are in addition to those specified for all authority records in rule 261—195.2(15,22).

195.3(1) A person requesting access to a confidential record may be required to provide proof of identity or authority if access to the record is limited to a particular person or class of persons.

195.3(2) The authority may require a request for access to a confidential record to be in writing. A person requesting access to a confidential record may be required to sign a certified statement or affidavit enumerating the specific grounds justifying access to the confidential record and to provide any proof necessary to establish relevant facts.

195.3(3) When the authority denies a request for access to a confidential record, in whole or in part, the requester shall be notified in writing. The written notice will include:

a. The name and title or position of the person or persons responsible for the denial; and

b. A brief statement of the grounds for the denial, including a citation to the applicable provision of law vesting authority in the authority to deny disclosure of the record.

195.3(4) When the authority grants a request for access to a confidential record to a particular person, the authority will indicate any lawful restrictions imposed by the authority on that person's examination and copying of the record.

[**ARC 9138C**, IAB 4/16/25, effective 5/21/25]

261—195.4(15,22) Requests for confidential treatment.

195.4(1) A request for confidential treatment must be submitted in writing to the authority and:

a. Identify the information for which confidential treatment is sought.

b. Cite the legal and factual basis for confidential treatment.

c. Identify the name, address, telephone number, and email address if available of the person authorized to respond to any inquiry or action of the authority concerning the request.

d. Specify the precise period of time for which the confidential treatment is requested, if applicable.

195.4(2) The authority may request additional factual information from the person requesting confidential treatment.

195.4(3) The authority must notify the requester in writing of the granting or denial of the request. If a request for confidential treatment is denied, the authority shall notify the requester in writing of the reasons for the authority's denial. Pursuant to Iowa Code section 22.8, the authority may reasonably delay examination of the record. However, if the authority determines that the requester had no reasonable grounds for the request for confidential treatment, then such record shall not be withheld from public inspection for any period of time after the denial of the request. The authority may notify the requester in writing of the time period allowed to seek injunctive relief or the reasons for the determination that no reasonable grounds exist to justify the treatment of that record as a confidential record. The authority may extend the period of good faith, reasonable delay in allowing examination of the record so that the requester may seek injunctive relief only if no request for examination of that record has been received, or if a court directs the authority to treat the record as a confidential record, or to the extent permitted by another applicable provision of law, or with the consent of the person requesting access.

195.4(4) Failure of a person to request confidential treatment for a record does not preclude the authority from treating the record as a confidential record.

[**ARC 9138C**, IAB 4/16/25, effective 5/21/25]

261—195.5(15,22) Additions, dissents or objections. Except as otherwise provided by law, the person who is the subject of a record may have a written statement of additions, dissents or objections entered into that record. The statement must be filed with the authority, be dated and signed by the person who is the subject of the record, and include the person's current address and telephone number, and email address if available. This rule does not authorize the person who is the subject of the record to alter the original record or to expand the official record of any authority proceeding.
[**ARC 9138C**, IAB 4/16/25, effective 5/21/25]

261—195.6(15,22) Notices to suppliers of information. The authority will notify suppliers of information of the use that will be made of the information, which persons outside the authority might routinely be provided the information collected and identify which parts of the requested information are required and which are optional and will state the consequences of failing to provide the information. This notice may be given in the authority's rules, on written forms used to collect the information, in contracts, in program guidance, verbally, or by other appropriate means.
[**ARC 9138C**, IAB 4/16/25, effective 5/21/25]

261—195.7(15,22) Disclosure of records—consent.

195.7(1) *Disclosure for routine use.* In this chapter, "routine use" means the disclosure of a record without the consent of the subject or subjects, for a purpose that is compatible with the purpose for which the record was collected. To the extent allowed by law, the following uses are considered routine uses of all authority records, including confidential records:

a. Disclosure to those officers, employees, and agents of the authority who have a need for the record in the performance of their duties.

b. Disclosure to a contractor, including but not limited to the department of inspections, appeals, and licensing, for matters in which the contractor is performing services or functions on behalf of the authority.

c. Transfers of information within the authority, to other state agencies, or to units of local government as appropriate to administer the program for which the information is collected.

d. Information released to staff of federal and state entities for audit purposes or for purposes of determining whether the authority is operating a program lawfully.

e. Any disclosure specifically authorized by the statute under which the record was collected or maintained.

195.7(2) *Other disclosures of confidential records.* To the extent allowed by law, the following uses may result in disclosure of confidential records without the consent of the subject:

a. Disclosure to a recipient who has provided the authority with advance written assurance that the record will be used solely as statistical research or reporting record, provided that the record is transferred in a form that does not identify the subject.

b. Disclosure of information indicating an apparent violation of the law to appropriate law enforcement authorities for investigation and possible criminal prosecution, civil court action, or regulatory order.

c. Disclosure to another government agency or to an instrumentality of any governmental jurisdiction within or under the control of the United States for a civil or criminal law enforcement activity if the activity is authorized by law, and if the head of such government agency or instrumentality has submitted a written request to the authority specifying the record desired and the law enforcement activity for which the record is sought.

d. Disclosure pursuant to a showing of compelling circumstances affecting the health or safety of any individual.

e. Disclosure to the legislative services agency under Iowa Code section 2A.3.

f. Disclosures in the course of employee disciplinary proceedings.

g. Disclosure in response to a court order or subpoena.

195.7(3) *Consent to disclosure of confidential records.*

a. To the extent permitted by any applicable provision of law, a person who is the subject of a confidential record may have a copy of the portion of that record concerning the subject disclosed to the subject or to a third party. A request for such a disclosure must be in writing and must identify the

particular record or records that may be disclosed, and the particular person or class of persons to whom the record may be disclosed and, if applicable, the time period during which the record may be disclosed. The person who is the subject of the record and, if applicable, the person to whom the record is to be disclosed may be required to provide proof of identity.

b. When a record has multiple subjects with interest in the confidentiality of the record, the authority may take reasonable steps to protect confidential information relating to another subject.

[**ARC 9138C**, IAB 4/16/25, effective 5/21/25]

261—195.8(15,22) Availability of records.

195.8(1) Authority open records are open for public inspection and copying unless otherwise prohibited by current rule or law.

195.8(2) Certain records identified in rules 261—195.9(15,22) and 261—195.10(15,22), or otherwise maintained by the authority, may be confidential records, in whole or in part, and not routinely made available for public inspection pursuant to Iowa Code section 15.118, 22.7, or 22A.2 or other applicable law.

[**ARC 9138C**, IAB 4/16/25, effective 5/21/25]

261—195.9(15,22) Personally identifiable information.

195.9(1) *Collection, maintenance, and retrieval.* The authority collects personally identifiable information pursuant to Iowa Code provisions relating to the responsibilities of the authority, including but not limited to Iowa Code chapters 15, 15E, 15J, 73, 404A, and 473; Iowa Code sections 403.19A and 476.46A; and other applicable laws relating to the responsibilities of the authority. Personally identifiable information is stored by electronic and physical methods. The authority's record systems do not match, collate or compare personally identifiable information in each system with personally identifiable information contained in other record systems. The authority's record systems can collect, maintain and retrieve information by personal identifiers, including names, mailing addresses, and email addresses. This rule describes the nature and extent of personally identifiable information that is collected, maintained and retrieved by the authority by personal identifier in record systems.

195.9(2) *Program records.* Records of persons or organizations participating in the authority's programs are collected by the authority. These records may contain information about individuals collected pursuant to specific federal or state statutes or regulations. Personally identifiable information, such as name, address, social security number and telephone number, may be included in these records when the applicant is an individual. Portions of program records may be confidential pursuant to Iowa Code section 22.7 or other applicable law.

195.9(3) *Correspondence.* Records of correspondence from persons outside the authority or sent to persons outside the authority may contain personally identifiable information provided by the sender or recipient of such correspondence. Portions of correspondence may be confidential pursuant to Iowa Code section 22.7 or other applicable law.

195.9(4) *Litigation files.* The authority maintains records regarding litigation or anticipated litigation, which includes judicial and administrative proceedings. These records contain materials that are confidential as attorney work product and attorney-client communications pursuant to Iowa Code sections 22.7(4), 622.10 and 622.11; Iowa Rule of Civil Procedure 1.503(3); Federal Rule of Civil Procedure 26(b)(3); the rules of evidence; the Code of Professional Responsibility; and case law. Some materials are confidential under other applicable provisions of law or as directed by a court order.

195.9(5) *Personnel files.* The authority maintains files containing information about employees, families and dependents, and applicants for positions with the authority. Portions of personnel files may be confidential pursuant to Iowa Code section 22.7(11).

[**ARC 9138C**, IAB 4/16/25, effective 5/21/25]

261—195.10(15,22) Other groups of records. This rule describes groups of records maintained by the authority other than record systems. These records are routinely available to the public. All or portions of such records may contain confidential information pursuant to Iowa Code section 22.7 or other applicable law. The records are stored by electronic and physical methods.

195.10(1) *Rulemaking records.* Rulemaking records may contain information about individuals making written or oral comments on proposed rules. This information is collected pursuant to Iowa Code section 17A.4.

195.10(2) *Meeting records.* Agendas, minutes and materials presented to boards and other bodies associated with the authority are available from the authority, except those records concerning closed sessions that are exempt from disclosure under Iowa Code section 21.5(4) or that are otherwise confidential by law. Authority meeting records contain information about people who participate in meetings. The information is collected pursuant to Iowa Code section 21.3. This information is not retrieved by individual identifier.

195.10(3) *Publications.* News releases, annual reports, project reports, newsletters, and related documents are available from the authority. Authority news releases, project reports, and newsletters may contain information about individuals, including authority staff. This information is not retrieved by individual identifier.

195.10(4) *Statistical reports.* Periodic reports for various authority programs are available from the authority. Statistical reports do not contain personally identifiable information.

195.10(5) *Published materials.* The authority uses many legal and technical publications in its work. The public may inspect these publications upon request. Some of these materials may be protected by copyright law.

195.10(6) *Policy manuals.* The authority employees' manual, containing procedures describing the authority's regulations and practices, is available. Policy manuals do not contain information about individuals.

195.10(7) *Other records.* All other records that are not exempt from disclosure by law are available from the authority.

[**ARC 9138C**, IAB 4/16/25, effective 5/21/25]

261—195.11(15,22) Applicability. This chapter does not:

195.11(1) Require the authority to index or retrieve records that contain information about an individual by that person's name or other personal identifier.

195.11(2) Make available to the general public records that would otherwise not be available pursuant to Iowa Code chapter 22.

195.11(3) Govern the maintenance or disclosure of, notification of, or access to records in the possession of the authority that are governed by the regulations of another agency.

195.11(4) Make available records compiled by the authority in reasonable anticipation of court litigation or formal administrative proceedings. The availability of such records to the general public or to any subject individual or party to such litigation or proceedings shall be governed by applicable legal and constitutional principles, rules of discovery, evidentiary privileges and applicable regulations of the authority.

[**ARC 9138C**, IAB 4/16/25, effective 5/21/25]

These rules are intended to implement Iowa Code chapters 15 and 22.

[Filed emergency 5/27/88 after Notice 4/20/88—published 6/15/88, effective 7/1/88]
[Filed without Notice 8/18/00—published 9/6/00, effective 10/11/00]
[Filed 6/20/03, Notice 4/16/04—published 7/9/03, effective 8/13/03]
[Filed emergency 6/15/07—published 7/4/07, effective 6/15/07]
[Filed 8/22/07, Notice 7/4/07—published 9/26/07, effective 10/31/07]
[Filed ARC 9138C (Notice ARC 8663C, IAB 12/25/24), IAB 4/16/25, effective 5/21/25]

CHAPTER 196
AGENCY PROCEDURE FOR RULEMAKING

[Prior to 9/6/00, see 261—Ch 101]
[Prior to 7/4/07, see 261—Ch 170]

Chapter rescission date pursuant to Iowa Code section 17A.7: 8/28/29

261—196.1(17A) Incorporation by reference. The authority incorporates by this reference all such matters in Iowa Code chapter 17A that relate to procedures for rulemaking.
[**ARC 8146C**, IAB 7/24/24, effective 8/28/24]

261—196.2(17A) Contact information.

196.2(1) *General.* Inquiries about authority rules and the rulemaking process may be directed to Director, Iowa Economic Development Authority, 1963 Bell Avenue, Suite 200, Des Moines, Iowa 50315.

196.2(2) *Comments on proposed rules.* Any public comment on a Notice of Intended Action or similar document relating to rules may be directed to Director, Iowa Economic Development Authority, 1963 Bell Avenue, Suite 200, Des Moines, Iowa 50315, or as directed in the Notice of Intended Action or similar document.
[**ARC 8146C**, IAB 7/24/24, effective 8/28/24]

These rules are intended to implement Iowa Code chapter 17A.

[Filed 5/24/90, Notice 2/7/90—published 6/13/90, effective 7/18/90]
[Filed 4/28/99, Notice 3/10/99—published 5/19/99, effective 6/23/99]
[Filed without Notice 8/18/00—published 9/6/00, effective 10/11/00]
[Filed emergency 6/15/07—published 7/4/07, effective 6/15/07]
[Filed 8/22/07, Notice 7/4/07—published 9/26/07, effective 10/31/07]
[Filed ARC 8146C (Notice ARC 7936C, IAB 5/15/24), IAB 7/24/24, effective 8/28/24]

CHAPTER 197
PETITION FOR RULEMAKING

[Prior to 7/19/95, see 261—Ch 2]
[Prior to 9/6/00, see 261—Ch 102]
[Prior to 7/4/07, see 261—Ch 171]

Chapter rescission date pursuant to Iowa Code section 17A.7: 5/21/30

261—197.1(17A) Incorporation by reference. The authority incorporates by this reference all such matters in Iowa Code chapter 17A that relate to petitions for rulemaking.
[**ARC 9139C**, IAB 4/16/25, effective 5/21/25]

261—197.2(17A) Petition for rulemaking. Petitions for rulemaking or inquiries about such petitions may be directed to Director, Iowa Economic Development Authority, 1963 Bell Avenue, Suite 200, Des Moines, Iowa 50315 or director@iowaeda.com. A petition for rulemaking that substantially conforms to the following form will be considered by the authority:

BEFORE THE IOWA ECONOMIC DEVELOPMENT AUTHORITY		
Petition by (Name of Petitioner) for the (adoption, amendment, or repeal) of rules relating to (state subject matter).	}	PETITION FOR RULEMAKING

The petition should provide the following information:

1. A statement of the specific rulemaking action sought by the petitioner, including the text or a summary of the contents of the proposed rule or amendment to a rule.
2. The name, mailing address, and telephone number of the petitioner and any other person to whom communications concerning the petition should be directed.
3. An explanation of petitioner's arguments in support of the action urged in the petition, including but not limited to a citation to any law deemed relevant to the petition and any data supporting the action requested.
4. The names and addresses of other persons, or a description of any class of persons, known by petitioner to be affected by, or interested in, the proposed action that is the subject of the petition.

[**ARC 9139C**, IAB 4/16/25, effective 5/21/25]

261—197.3(17A) Consideration and disposition of petition. Prior to granting or denying a petition for rulemaking, the authority may request additional information from the petitioner. The authority may schedule a meeting between the petitioner and the authority. The final decision on whether the circumstances justify the granting of a petition is in the sole discretion of the authority. A decision will be issued in accordance with Iowa Code section 17A.7(1).
[**ARC 9139C**, IAB 4/16/25, effective 5/21/25]

These rules are intended to implement Iowa Code section 17A.7.

[Filed emergency 12/19/86—published 1/14/87, effective 12/19/86]
[Filed 6/26/95, Notice 5/10/95—published 7/19/95, effective 8/23/95]
[Filed 4/28/99, Notice 3/10/99—published 5/19/99, effective 6/23/99]
[Filed without Notice 8/18/00—published 9/6/00, effective 10/11/00]
[Filed emergency 6/15/07—published 7/4/07, effective 6/15/07]
[Filed 8/22/07, Notice 7/4/07—published 9/26/07, effective 10/31/07]
[Filed ARC 5691C (Notice ARC 5536C, IAB 3/24/21), IAB 6/16/21, effective 7/21/21]
[Filed ARC 9139C (Notice ARC 8664C, IAB 12/25/24), IAB 4/16/25, effective 5/21/25]

CHAPTER 198
PETITION FOR DECLARATORY ORDER

[Prior to 7/19/95, see 261—Ch 3]
[Prior to 9/6/00, see 261—Ch 103]
[Prior to 7/4/07, see 261—Ch 172]

Chapter rescission date pursuant to Iowa Code section 17A.7: 5/21/30

261—198.1(17A) Petition for declaratory order. Any person may file a petition with the authority for a declaratory order as to the applicability to specified circumstances of a statute, rule, or order within the primary jurisdiction of the authority at Iowa Economic Development Authority, 1963 Bell Avenue, Suite 200, Des Moines, Iowa 50315, Attn: Legal Counsel. Petitions may also be delivered by email to an email address supplied by the authority's legal counsel. A petition is deemed filed when it is received by the authority. The authority will provide the petitioner with a file-stamped copy of the petition if the petitioner provides the authority an extra copy for this purpose. The authority will accept only typewritten petitions that substantially conform to the following form:

BEFORE THE ECONOMIC DEVELOPMENT AUTHORITY

Petition by (Name of Petitioner) for a Declaratory Order on (Cite provisions of law involved).	}	PETITION FOR DECLARATORY ORDER

The petition must provide the following information:

1. A clear and concise statement of all relevant facts on which the order is requested.
2. A citation and the relevant language of the specific statutes, rules, policies, decisions, or orders whose applicability is questioned, and any other relevant law.
3. The questions petitioner wants answered, stated clearly and concisely.
4. The answers to the questions desired by the petitioner and a summary of the reasons urged by the petitioner in support of those answers.
5. The reasons for requesting the declaratory order and disclosure of the petitioner's interest in the outcome.
6. A statement indicating whether the petitioner is currently a party to another proceeding involving the questions at issue and whether, to the petitioner's knowledge, those questions have been decided by, are pending determination by, or are under investigation by, any governmental entity.
7. The names and addresses of other persons, or a description of any class of persons, known by the petitioner to be affected by or interested in the questions presented in the petition.
8. Any request by the petitioner for a meeting provided for by rule 261—198.7(17A).

The petition must be dated and signed by the petitioner or the petitioner's representative. It must also include the name, mailing address, and telephone number of the petitioner and petitioner's representative and a statement indicating the person to whom communications concerning the petition should be directed.

[**ARC 9140C**, IAB 4/16/25, effective 5/21/25]

261—198.2(17A) Notice of petition. Within 15 days after receipt of a petition for a declaratory order, the authority shall give notice of the petition to all persons not served by the petitioner pursuant to rule 261—198.6(17A) to whom notice is required by any provision of law. The authority may give notice to any other persons. The authority may require the petitioner to serve the notice on all persons to whom notice is required by any provision of law and provide a written statement to the authority attesting that notice has been provided.

[**ARC 9140C**, IAB 4/16/25, effective 5/21/25]

261—198.3(17A) Intervention.

198.3(1) Persons who qualify under any applicable provision of law as an intervenor and who file a petition for intervention within 20 days of the filing of a petition for declaratory order may intervene in a proceeding for a declaratory order.

198.3(2) Any person who files a petition for intervention at any time prior to the issuance of an order may be allowed to intervene in a proceeding for a declaratory order at the discretion of the authority.

198.3(3) A petition for intervention shall be filed at the address or email address indicated in rule 261—198.1(17A). A petition is deemed filed when it is received by the authority. The authority will provide the petitioner with a file-stamped copy of the petition for intervention if the petitioner provides an extra copy for this purpose. The authority will accept only typewritten petitions that substantially conform to the following form:

BEFORE THE ECONOMIC DEVELOPMENT AUTHORITY

Petition by (Name of Original Petitioner) for a Declaratory Order on (Cite provisions of law cited in original petition).	}	PETITION FOR INTERVENTION

The petition for intervention must provide the following information:

1. Facts supporting the intervenor's standing and qualifications for intervention.
2. The answers urged by the intervenor to the question or questions presented and a summary of the reasons urged in support of those answers.
3. Reasons for requesting intervention and disclosure of the intervenor's interest in the outcome.
4. A statement indicating whether the intervenor is currently a party to any proceeding involving the questions at issue and whether, to the intervenor's knowledge, those questions have been decided by, are pending determination by, or are under investigation by any governmental entity.
5. The names and addresses of any additional persons, or a description of any additional class of persons, known by the intervenor to be affected by or interested in the questions presented.
6. Whether the intervenor consents to be bound by the determination of the matters presented by the declaratory order proceeding.

The petition must be dated and signed by the intervenor or the intervenor's representative. It must also include the name, mailing address, and telephone number of the intervenor and the intervenor's representative, and a statement indicating the person to whom communications should be directed.

[**ARC 9140C**, IAB 4/16/25, effective 5/21/25]

261—198.4(17A) Briefs. The petitioner or any intervenor may file a brief in support of the position urged. The authority may request a brief from the petitioner, any intervenor, or any other person concerning the questions raised.

[**ARC 9140C**, IAB 4/16/25, effective 5/21/25]

261—198.5(17A) Inquiries. Inquiries concerning the status of a declaratory order proceeding may be made to the address or email address indicated in rule 261—198.1(17A).

[**ARC 9140C**, IAB 4/16/25, effective 5/21/25]

261—198.6(17A) Service and filing of petitions and other documents.

198.6(1) Except where otherwise provided by law, every petition for declaratory order, petition for intervention, brief, or other paper filed in a proceeding for a declaratory order shall be served upon each of the parties of record to the proceeding, and on all other persons identified in the petition for declaratory order or petition for intervention as affected by or interested in the questions presented, simultaneously with their filing with the authority. The party filing a document is responsible for service on all parties and other affected or interested persons.

198.6(2) All petitions for declaratory orders, petitions for intervention, briefs, or other papers in a proceeding for a declaratory order shall be filed at the address or email address indicated in rule 261—198.1(17A). All documents are considered filed upon receipt.

[**ARC 9140C**, IAB 4/16/25, effective 5/21/25]

261—198.7(17A) Consideration. The authority may schedule a brief and informal meeting between the original petitioner, all intervenors, and authority staff to discuss the questions raised. The authority may solicit comments from any person on the questions raised. Also, comments on the questions raised may be submitted to the authority by any person.
[**ARC 9140C**, IAB 4/16/25, effective 5/21/25]

261—198.8(17A) Action on petition.

198.8(1) The authority shall take action on the petition in the time frame established by Iowa Code section 17A.9(5).

198.8(2) The date of issuance of an order or of a refusal to issue an order is the date of mailing of the order or refusal or date of delivery if service is by other means unless another date is specified in the order.
[**ARC 9140C**, IAB 4/16/25, effective 5/21/25]

261—198.9(17A) Refusal to issue order.

198.9(1) The authority shall not issue a declaratory order if prohibited by Iowa Code section 17A.9(1) and may refuse to issue a declaratory order on some or all questions raised for the following reasons:

a. The petition does not substantially comply with the form indicated in rule 261—198.1(17A).

b. The petition does not contain facts sufficient to demonstrate that the petitioner will be aggrieved or adversely affected by the failure of the authority to issue an order.

c. The authority does not have jurisdiction over the questions presented in the petition.

d. The questions presented by the petition are also presented in a current rulemaking, contested case, or other authority or judicial proceeding that may definitively resolve them.

e. The questions presented by the petition would more properly be resolved in a different type of proceeding or by another body with jurisdiction over the matter.

f. The facts or questions presented in the petition are unclear, overbroad, insufficient, or otherwise inappropriate as a basis upon which to issue an order.

g. There is no need to issue an order because the questions raised in the petition have been settled due to a change in circumstances.

h. The petition is not based upon facts calculated to aid in the planning of future conduct but is, instead, based solely upon prior conduct to establish the effect of that conduct or to challenge a decision the authority has already made.

i. The petition requests a declaratory order that would necessarily determine the legal rights, duties, or responsibilities of other persons who have not joined in the petition, intervened separately, or filed a similar petition, and whose position on the questions presented may fairly be presumed to be adverse to that of petitioner.

j. The petitioner requests the authority to determine whether a statute is unconstitutional on its face.

198.9(2) If the authority refuses to issue a declaratory order, the authority must indicate the specific grounds for the refusal. Refusal to issue a declaratory order constitutes final agency action on the petition.

198.9(3) The authority's refusal to issue a declaratory order pursuant to this provision does not preclude a petitioner from filing a new petition that seeks to eliminate the grounds for the authority's refusal to issue an order.
[**ARC 9140C**, IAB 4/16/25, effective 5/21/25]

261—198.10(17A) Contents of declaratory order—effective date. In addition to the order itself, a declaratory order must contain the date of its issuance, the name of petitioner and all intervenors, the specific statutes, rules, policies, decisions, or orders involved, the particular facts upon which it is based, and the reasons for its conclusion. A declaratory order is effective on the date of issuance.
[**ARC 9140C**, IAB 4/16/25, effective 5/21/25]

261—198.11(17A) Copies of orders. A copy of all orders issued in response to a petition for a declaratory order shall be provided promptly to the original petitioner and all intervenors.
[**ARC 9140C**, IAB 4/16/25, effective 5/21/25]

261—198.12(17A) Effect of a declaratory order. A declaratory order has the same status and binding effect as a final order issued in a contested case proceeding. It is binding on the authority, the petitioner, and any intervenors who consent to be bound and is applicable only in circumstances where the relevant facts and the law involved are indistinguishable from those on which the order was based. As to all other persons, a declaratory order serves only as precedent and is not binding on the authority. The issuance of a declaratory order constitutes final agency action on the petition.

[**ARC 9140C**, IAB 4/16/25, effective 5/21/25]

These rules are intended to implement Iowa Code section 17A.9.

[Filed emergency 12/19/86—published 1/14/87, effective 12/19/86]
[Filed 6/26/95, Notice 5/10/95—published 7/19/95, effective 8/23/95]
[Filed 4/28/99, Notice 3/10/99—published 5/19/99, effective 6/23/99]
[Filed without Notice 8/18/00—published 9/6/00, effective 10/11/00]
[Filed emergency 6/15/07—published 7/4/07, effective 6/15/07]
[Filed 8/22/07, Notice 7/4/07—published 9/26/07, effective 10/31/07]
[Filed ARC 9140C (Notice ARC 8665C, IAB 12/25/24), IAB 4/16/25, effective 5/21/25]

CHAPTER 199
WAIVERS FROM ADMINISTRATIVE RULES

[Prior to 9/6/00, see 261—Ch 104]
[Prior to 7/4/07, see 261—Ch 173]

Chapter rescission date pursuant to Iowa Code section 17A.7: 5/21/30

261—199.1(17A,15) Definitions.

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

"Director" means the same as defined in Iowa Code section 15.102(8).

"Person" means the same as defined in Iowa Code section 17A.2(9).

"Waiver" means the same as defined in Iowa Code section 17A.9A(5).

[**ARC 9141C**, IAB 4/16/25, effective 5/21/25]

261—199.2(17A,15) Applicability of chapter. The authority may grant a waiver of a rule as permitted by Iowa Code section 17A.9A.

[**ARC 9141C**, IAB 4/16/25, effective 5/21/25]

261—199.3(17A,15) Criteria for waiver. In response to a petition filed pursuant to this chapter, the authority may grant a waiver if the authority finds, based on clear and convincing evidence, all of the factors listed in Iowa Code section 17A.9A(2).

[**ARC 9141C**, IAB 4/16/25, effective 5/21/25]

261—199.4(17A,15) Filing of petition. Petitions for waiver should be submitted in writing to the Director, Iowa Economic Development Authority, 1963 Bell Avenue, Suite 200, Des Moines, Iowa 50315. If the petition relates to a pending contested case, the petition is filed in the contested case proceeding, using the caption of the contested case. Petitions may be delivered by email to an email address supplied by the authority's legal counsel.

[**ARC 9141C**, IAB 4/16/25, effective 5/21/25]

261—199.5(17A,15) Content of petition. A completed petition for waiver includes the following information where applicable and known to the petitioner:

199.5(1) The name, address, and telephone number of the person for whom a waiver is being requested and the case number of any related contested case.

199.5(2) A description and citation of the specific rule from which a waiver is requested.

199.5(3) The specific waiver requested, including the precise scope and duration.

199.5(4) The relevant facts that the petitioner believes would justify a waiver under criteria described in Iowa Code section 17A.9A(2). This statement shall include a signed statement from the petitioner attesting to the accuracy of the facts provided in the petition and a statement of reasons that the petitioner believes will justify a waiver.

199.5(5) A history of any prior contacts between the authority and the petitioner relating to the regulated activity, license, financial assistance, or incentives affected by the proposed waiver, including a description of each affected license held by the requester, any notices of violation, contested case hearings, or investigative reports relating to the regulated activity or license within the last five years.

199.5(6) Any information known to the petitioner regarding the authority's treatment of similar cases.

199.5(7) The name, address, and telephone number of any public agency or political subdivision that might be affected by the granting of a waiver.

199.5(8) The name, address, and telephone number of any person who would be adversely affected by the granting of a waiver.

199.5(9) The name, address, and telephone number of any person with knowledge of the relevant facts relating to the proposed waiver.

199.5(10) Signed releases of information authorizing persons with knowledge regarding the request to furnish the authority with information relevant to the waiver.

[**ARC 9141C**, IAB 4/16/25, effective 5/21/25]

261—199.6(17A,15) Notice. The authority will acknowledge a petition within five business days of its receipt. Within 30 days of the receipt of the petition, the authority will provide notice of the pendency of the petition and a copy of the petition or a concise summary of the petition to all persons to whom notice is required by any provision of law. In addition, the authority may give notice to other persons. To accomplish this provision, the authority may require the petitioner to serve the notice on all persons to whom notice is required by any provision of law and provide a written statement to the authority attesting that notice has been provided.
[**ARC 9141C**, IAB 4/16/25, effective 5/21/25]

261—199.7(17A,15) Hearing procedures. The provisions of Iowa Code sections 17A.10 through 17A.18A regarding contested case hearings apply to the following:

199.7(1) When any petition for a waiver is filed within a contested case;

199.7(2) When the authority so provides by rule or order; or

199.7(3) When required to do so by statute.

[**ARC 9141C**, IAB 4/16/25, effective 5/21/25]

261—199.8(17A,15) Authority responsibilities regarding petition for waiver.

199.8(1) *Additional information.* Prior to issuing an order granting or denying a waiver, the authority may request additional information from the petitioner relative to the petition and surrounding circumstances. The authority may schedule a meeting between the petitioner and the authority or, if the petition was filed in a contested case, between the petitioner and all parties to the contested case.

199.8(2) *Compliance with Iowa Code standards.* The authority applies the standards and burdens in Iowa Code section 17A.9A(3).

199.8(3) *Final discretion.* The final decision on whether the circumstances justify the granting of a waiver is in the sole discretion of the authority.

199.8(4) *Ruling.* An order granting or denying a waiver will be in writing and will contain a reference to the particular person and rule or portion thereof to which the order pertains, a statement of the relevant facts and reasons upon which the action is based, and a description of the precise scope and duration of the waiver if one is granted.

199.8(5) *Administrative deadlines.* When the rule from which a waiver is sought establishes administrative deadlines, the authority will balance the special individual circumstances of the petitioner with the overall goal of uniform treatment of all similarly situated persons.

199.8(6) *Time for ruling.* The authority will grant or deny a petition for a waiver as soon as practicable but, in any event, will do so within 90 days of its receipt unless the petitioner agrees to a later date. However, if a petition is filed in a pending contested case, the authority will grant or deny the petition no later than the time at which the final decision in that matter is issued. Failure of the authority to grant or deny a petition within the required time period is deemed a denial of that petition by the authority. However, the authority remains responsible for issuing an order denying a waiver.

199.8(7) *Service of order.* Within seven days of its issuance, the authority will transmit an order issued under this chapter to the petitioner or any other person entitled to such notice.
[**ARC 9141C**, IAB 4/16/25, effective 5/21/25]

261—199.9(17A,15) Public availability. The authority will comply with the public availability and filing procedures of Iowa Code section 17A.9A(4).
[**ARC 9141C**, IAB 4/16/25, effective 5/21/25]

261—199.10(17A,15) After issuance of a waiver.

199.10(1) *Voiding or cancellation.* A waiver is void if the material facts upon which the petition is based are not true or if material facts have been withheld. The authority may withdraw, cancel or modify a waiver if, after appropriate notice and hearing, the authority issues an order finding any of the following: facts as stated in the request are not true; material facts have been withheld; the alternative means of compliance provided in the waiver have failed to achieve the objectives of the statute or substantially equal protection of public health, safety, and welfare; or the requester has failed to comply with the conditions of the order.

199.10(2) *Violations.* Violation of a condition in a waiver order is the equivalent of a violation of the particular rule for which the waiver is granted. The recipient of a waiver under this chapter who violates a condition of the waiver may be subject to the same remedies or penalties as a person who violates the rule at issue.

199.10(3) *Defense.* After the authority issues an order granting a waiver, the order is a defense within its terms and the specific facts indicated therein for the person to whom the order pertains in any proceeding in which the rule in question is sought to be invoked.

199.10(4) *Judicial review.* Judicial review of the authority's decision to grant or deny a waiver petition may be undertaken in accordance with Iowa Code chapter 17A.

[**ARC 9141C**, IAB 4/16/25, effective 5/21/25]

These rules are intended to implement Iowa Code section 17A.9A and chapter 15.

[Filed 6/23/00, Notice 1/12/00—published 7/12/00, effective 8/16/00]
[Filed without Notice 8/18/00—published 9/6/00, effective 10/11/00]
[Filed emergency 6/15/07—published 7/4/07, effective 6/15/07]
[Filed 8/22/07, Notice 7/4/07—published 9/26/07, effective 10/31/07]
[Filed ARC 5692C (Notice ARC 5438C, IAB 2/24/21), IAB 6/16/21, effective 7/21/21]
[Filed ARC 9141C (Notice ARC 8666C, IAB 12/25/24), IAB 4/16/25, effective 5/21/25]

PART X
COMMUNITY ATTRACTION AND INVESTMENT PROGRAMS

CHAPTER 200
REINVESTMENT DISTRICTS PROGRAM

Chapter rescission date pursuant to Iowa Code section 17A.7: 4/22/31

261—200.1(15J) Definitions. For purposes of this chapter unless the context otherwise requires:

"Account" means the district account that is created within the fund for each municipality that has established a district and that holds the new tax revenues deposited by the department under the program.

"Applicant" means a municipality applying to the board and the authority for approval of a district under the program, including the preapplication process described in rule 261—200.2(15J).

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

"Board" means the same as defined in Iowa Code section 15.102.

"Commencement date" means the same as defined in Iowa Code section 15J.2.

"Department" means the department of revenue.

"District" means the same as defined in Iowa Code section 15J.2.

"Due diligence committee" means the due diligence committee of the board established pursuant to 261—Chapter 1.

"Fund" means the same as defined in Iowa Code section 15J.2.

"Joint board" means a legal entity established or designated in an agreement made pursuant to Iowa Code chapter 28E between two or more contiguous counties or incorporated cities.

"Maximum benefit amount" means the total amount of new tax revenues that may be remitted to a municipality's account and used for development in a district. The maximum benefit will be established by the board when a final application to the program is approved pursuant to rule 261—200.5(15J).

"Municipality" means the same as defined in Iowa Code section 15J.2.

"New lessor" means the same as defined in Iowa Code section 15J.2.

"New retail establishment" means the same as defined in Iowa Code section 15J.2.

"New tax revenues" means all state sales tax revenues and state hotel and motel tax revenues that are collected within a district by new retail establishments and new lessors, provided that such new retail establishments and lessors are included as projects in an approved district plan. New tax revenues are remitted to the department after collection by new retail establishments and new lessors and deposited by the department in an account.

"Program" means the reinvestment district program established pursuant to Iowa Code chapter 15J and this chapter.

"Project" means the same as defined in Iowa Code section 15J.2.

"Retail business" means any business engaged in the business of selling tangible personal property or taxable services at retail in this state that is obligated to collect state sales or use tax under Iowa Code chapter 423. However, for the purposes of this chapter, "retail business" does not include a new lessor or a business engaged in an activity subject to tax under Iowa Code section 423.2(3).

"State hotel and motel tax" means the same as defined in Iowa Code section 15J.2.

"State sales tax" means the same as defined in Iowa Code section 15J.2.

"Substantially improved" means the same as defined in Iowa Code section 15J.2.

"Unique nature" means a quality or qualities of the projects to be developed in a district that, when considered in the entirety, will substantially distinguish the district's projects from other existing or proposed developments in the state. For purposes of this chapter, whether a project is of a unique nature is a subjective and contextual determination that will be made by the board. In determining whether a project is of a unique nature, the board will not necessarily require a project to be entirely without precedent or to be the only one of its kind in the state, but rather, the board will evaluate whether the projects to be undertaken in a district will either (1) permanently transform the aesthetics or infrastructure of a local community for the better, including by preserving important historical structures or neighborhoods, or (2) contribute substantially more to the state's economy or quality of life than other similar projects in the state.

"Vertical improvement" means the same as defined in Iowa Code section 15J.2. For the purposes of this definition, "appurtenant structure" means any building or other fixture on a piece of real estate other than the main building, provided that such a building or fixture is permanent, is wholly or partially above grade, and will be constructed or substantially improved in conjunction with the main building. A structure is appurtenant when the structure is physically connected to a main building such that the connected structures combine to create a single, integrated facility. A structure is not physically connected if the structure has a function or purpose independent of the main building, even if the structures are in close proximity or are incidentally connected by some means such as a common wall, a sidewalk, or recreational trail.

[**ARC 0135D**, IAB 3/18/26, effective 4/22/26]

261—200.2(15J) Preapplication process.

200.2(1) *Purpose.* The authority and the board will utilize a preapplication process to gauge the level of demand for funding under the program, accept initial project plans and requests for funding, make provisional determinations about the amount of maximum benefits, and notify applicants of the board's provisional funding decisions.

200.2(2) *Preapplication required.* The board will only approve a proposed district plan if that plan has been submitted during the annual filing window as described in this rule.

200.2(3) *Annual filing window.* Each year that funding is available, the authority will announce an annual filing window to accept preapplications under the program. The purpose of the annual filing window is to enable the competitive scoring of applications and facilitate funding decisions by the board that are within the limitations established for the program by the general assembly. A municipality interested in applying to the program must submit a preapplication during the annual filing window or wait until the next annual filing window.

200.2(4) *Preapplication submission requirements.* Each preapplication submission shall demonstrate compliance with the requirements listed in rule 261—200.3(15J) to the greatest extent possible. While the preapplication process is provisional in nature and is designed to allow applicants to make reasonable changes to the proposed district plan before a final application is considered, the board is more likely to approve funding for proposed districts that meet all requirements of rule 261—200.3(15J) during the preapplication process.

200.2(5) *Provisional funding decisions.*

a. The board, with the assistance of the authority, will evaluate the preapplications and assign them a provisional score based on the criteria described in rule 261—200.4(15J). Based on the results of the scoring, the board will make provisional funding decisions and notify applicants.

b. A provisional funding decision represents an initial judgment by the board about the merits of a proposed district plan and is provided for the convenience of both applicants and the board for the better administration of the program. A provisional funding decision shall not be construed as binding on the board nor will the applicant be required to meet all of the details contained in the preapplication. A provisional funding decision shall not be construed as a final approval by the board. A municipality shall not adopt an ordinance or resolution establishing a district based on a provisional funding decision.

c. The final details of a proposed district plan and a final funding decision, including a maximum benefit amount and a commencement date, shall be contingent upon the receipt of a full, final, and complete application and upon final action by the board to ratify, amend, defer, or rescind its provisional funding decision as provided in rule 261—200.5(15J).

d. The department will not deposit moneys into an account until a final application is approved by the board and an ordinance or resolution has been adopted by the municipality.

[**ARC 0135D**, IAB 3/18/26, effective 4/22/26]

261—200.3(15J) Program eligibility and application requirements.

200.3(1) *Eligibility.* To be eligible for benefits under the program, an applicant shall demonstrate that all requirements in Iowa Code section 15J.4(1) are met.

a. To establish that the criterion in Iowa Code section 15J.4(1)*"a"* is met, a municipality should submit information such as an estimate of the expected increase in valuation or other data that lends itself to a quantitative assessment of the extent to which the real property will benefit.

b. To establish that the criterion in Iowa Code section 15J.4(1)*"b"* is met, a municipality should submit maps of the proposed area as well as maps of the existing enterprise zone or urban renewal area. A municipality should also submit copies of the local ordinance or resolution establishing the enterprise zone or the urban renewal area.

c. For purposes of establishing that the criterion in Iowa Code section 15J.4(1)*"c"* is met, "contiguous" means parcels that are physically connected. Parcels connected by streets or other rights-of-way will be considered physically connected for purposes of this rule. In designating an area that includes a right-of-way, an applicant may include an area that is less than the full width of the right-of-way, but the applicant shall not include less than 60 feet of the right-of-way's width.

200.3(2) *Proposed district plan.* An applicant must submit a proposed district plan consistent with the requirements of Iowa Code section 15J.4(2) and a copy of the resolution approving the proposed district plan to the authority.

a. The finding required by Iowa Code section 15J.4(2)*"a"* should be supported by the information required under subrule 200.3(1).

b. If, at the time an application is submitted, the parcels to be included in the proposed district are not yet acquired or one or more parcels within the district are under consideration for a project, then the names and addresses of the owners of record of all parcels under consideration shall be submitted with the understanding that final board approval shall be contingent upon all parcels being acquired and identified by address prior to final board approval and establishment of the commencement date.

c. The project description required by Iowa Code section 15J.4(2)*"d"*(4) should include an explanation of why the unique characteristics of the proposed project cause the project to be of a unique nature as defined in rule 261—200.2(15J).

200.3(3) *Additional conditions.* A municipality shall demonstrate to the board's satisfaction that all of the additional conditions in Iowa Code section 15J.4(3)*"b"* are met and the following additional conditions are met:

a. The applicant must have submitted an application under the preapplication process described in rule 261—200.4(15J) and, as part of a provisional funding decision by the board, must have been approved for a provisional maximum benefit amount.

b. The proposed district plan must meet a minimum score under the criteria described in rule 261—200.4(15J).

c. While multiple districts within a single municipality are not prohibited under the program, the size of any one district is limited by Iowa Code section 15J.4(1)*"c"* and overlapping districts are prohibited by Iowa Code section 15J.4(1)*"e."* Therefore, the board will consider whether the approval of an additional district is appropriate given the particulars of the proposed additional district and the goals of the program. If a municipality proposes an additional district, the board, at its discretion, may accept the application and score it, or if the board determines that approval of an additional district would not serve the goals of the program, the board may reject the application without scoring it.

d. While it is within the discretion of the board to increase the maximum benefit amount of an approved district, the board will carefully scrutinize whether an increase is justified by circumstances such as greater investment or improved projects within the district and whether any change in the maximum benefit amount serves the goals of the program.

200.3(4) *Application materials and submission.* A municipality interested in applying for funding under the program shall submit a preapplication and a final application to the board for approval and, when applying, shall provide the information described in this chapter or any other information the board or the authority may reasonably require in order to process the application. Information on submitting an application under the program may be obtained by contacting the authority.

[**ARC 0135D**, IAB 3/18/26, effective 4/22/26]

261—200.4(15J) Application scoring and determination of benefits. The board will evaluate and score the proposed district plan submitted with each complete and eligible application according to the criteria and process described in this rule.

200.4(1) *Scoring criteria and plan evaluation.* Each proposed district plan will be given a numerical score between 0 and 100. The higher the numerical score, the more likely the proposed district will be approved for designation and funding under the program. The scoring process will necessarily involve a subjective assessment of the quality of each proposed district plan as well as a consideration of how each proposed district plan compares to the plans proposed by other applicants. The criteria used to score each application are as follows:

a. Uniqueness. The program requires that the projects proposed to be undertaken must be of a unique nature. Therefore, the proposed district plan will be evaluated on this criterion in order to quantify the extent to which the projects in the proposed district plan are of a unique nature. The more unique the projects are, the more points will be received under this criterion.

b. Economic impact. The program requires that the projects proposed to be undertaken must have a substantial beneficial impact on the economy of the state and the economy of the municipality. Therefore, the proposed district plan will be evaluated on this criterion in order to quantify the extent to which the projects in the proposed district plan will benefit the economy. The greater the economic impact of the proposed district plan, the more points will be received under this criterion.

c. Project feasibility. The program requires that funding sources for projects must be feasible. Therefore, the proposed district plan will be evaluated on this criterion in order to quantify the extent to which the funding sources of the proposed projects are feasible. The more feasible the funding sources for the proposed projects are, the more points will be received under this criterion.

d. Capital investment. The program requires that at least one project with a capital investment of $10 million or more be proposed. To the extent that the proposed district plan exceeds this minimum level of capital investment, more points will be received under this criterion.

e. Funding leverage. The program limits the amount of new tax revenues that can be received to 35 percent of the total cost of all proposed projects in the proposed district plan. To the extent that a proposed district plan includes a financing plan in which the percentage of new tax revenues to be received is less than 35 percent of the total cost, more points will be received under this criterion.

f. Nonretail focus. The program limits the amount of proposed capital investment in the district related to retail businesses to 50 percent of the total capital investment for all proposed projects in the proposed district. To the extent that a proposed district plan includes projects that provide cultural amenities, tourist attractions and accommodations, infrastructure, or quality of life improvements, more points will be received under this criterion.

g. Additional factors. The program allows the board to establish additional criteria for the program. Therefore, in addition to the other criteria listed in this subrule, the board will consider the following additional factors:

(1) Readiness for development. The closer a municipality is to beginning development on a proposed district plan, the more points may be received under the additional factors criterion.

(2) Geographic diversity. To the extent that a proposed district is located in a region of the state not already funded under the program, more points may be received under the additional factors criterion. A proposed district plan that would create an additional district within a municipality or a request to increase the maximum benefit amount of an already approved district will not be viewed as enhancing geographic diversity and may receive fewer points under the additional factors criterion.

(3) Funding need. To the extent that a funding gap exists in the proposed district plan's financing, more points may be received under the additional factors criterion.

200.4(2) *Scoring process and funding recommendations.*

a. Proposed district plans will be scored by an evaluation committee consisting of members appointed by the director of the authority. Members of the committee will include authority staff and not more than five members of the board. Each member of the evaluation committee will judge the proposed district plan according to the scoring criteria, and then the scores of all members of the committee will be

averaged together to reflect one numerical score between 0 and 100. The evaluation committee will not make a funding recommendation.

b. After all applications are scored, a copy of the proposed district plan and the results of the scoring will be referred to the due diligence committee, which will consider the quality of the proposed district plans and make funding recommendations to the board. The due diligence committee will take into account the requested funding levels but will also attempt to establish maximum benefit amounts that seem most appropriate to both the quality of the proposed district plans and the total demand for program funding.

c. The scoring results will not be negotiated and, while both the board and the due diligence committee will consider the scoring results of the evaluation committee, those results are not binding on either the due diligence committee or the board.

200.4(3) *Minimum score required.* To receive funding under the program, a proposed district plan must receive an average score of 70 or more points under the criteria listed in subrule 200.4(1).

200.4(4) *Funding not guaranteed.* The program is subject to a total aggregate limit on the amount of new tax revenues that may be approved. Therefore, a proposed district plan that meets the required minimum score is not guaranteed funding if the board's funding decisions for other, higher scoring proposed district plans cause the program's total aggregate limit to be reached.

200.4(5) *Final action taken by board.* The final decision on whether to approve the designation of a proposed reinvestment district and the determination of the amount of maximum benefit to award an applicant rest entirely with the board. The recommendations of the evaluation committee and the due diligence committee with respect to the proposed district plans are of an advisory nature only.

200.4(6) *Availability of scoring results.* The board and the authority will keep records of the scoring process and make those records available to applicants.

200.4(7) *Denial of plans and resubmission.* Reasons for denial of district plans may include a failure to meet filing deadlines, a failure to meet the basic requirements for eligibility, a failure to meet the required minimum score, or a lack of available funding. A municipality whose application is denied may resubmit the application at the next annual filing window, provided there is funding available, but a resubmission must be rescored with all other applicants that apply during that filing window.

200.4(8) *Provisional nature of preapplication process.* The preapplication process described in rule 261—200.2(15J) will result in provisional scores and provisional funding decisions for applicants. However, these provisional scores and funding decisions are subject to change pending the final approval process described in rule 261—200.5(15J).

[**ARC 0135D**, IAB 3/18/26, effective 4/22/26]

261—200.5(15J) Final application and approval process.

200.5(1) *Final application required.*

a. An applicant that receives a provisional funding decision must submit a final application to the board within one year of the submission of the preapplication.

b. A final application shall meet all the requirements described in Iowa Code section 15J.4 and rule 261—200.3(15J).

200.5(2) *Amendments to preapplications and rescoring of plans.* An applicant may amend any part of the preapplication when submitting the final application and must amend the application if any part of the proposed district plan will be materially different from the plan that was proposed during the preapplication process. If the board determines that a final application is substantially different from the related preapplication, then the board may rescore the application and reevaluate the provisional funding decision prior to taking final action. If the board elects to rescore and reevaluate an application, the application will be rescored and reevaluated in the same manner and according to the same criteria used initially.

200.5(3) *Final funding decision and establishment of commencement date.* After submission of all information required for the final application, the board will make a final funding decision, establish a final maximum benefit amount, and establish a commencement date for the district as described in Iowa Code section 15J.4(3)*"d."*

200.5(4) *Provisional funding decisions not determinative of final funding decision.* The board's final funding decision may be different from its provisional funding decision. The board may ratify, amend,

defer, or rescind the provisional funding decision. If the board's final funding decision causes additional funding to become available, the board may amend a funding decision for another proposed district plan made during the same annual filing window or may reserve the additional funding capacity for the next annual filing window.
[**ARC 0135D**, IAB 3/18/26, effective 4/22/26]

261—200.6(15J) Adoption of ordinance and use of deposits.

200.6(1) *Ordinance and notice to department.* Upon receiving approval by the board of the final application pursuant to rule 261—200.5(15J), the municipality shall adopt an ordinance or, in the case of a joint board, a resolution establishing the district consistent with Iowa Code section 15J.4(4)*"c."* Notice to the director of revenue shall be provided consistent with Iowa Code section 15J.4(4)*"a"* and *"b."*

200.6(2) *Use of deposits.*

a. For the purpose of determining eligible uses of moneys deposited in an account pursuant to Iowa Code section 15J.4(4)*"d,"* "development" means all costs reasonably related to a project described in a final application approved by the board. Development costs may include project planning, professional services, land acquisition, construction, maintenance, and operational expenses. A municipality shall enter into development agreements for the expenditure of program funds and submit copies of such agreements to the authority within 30 days of execution.

b. Moneys deposited in an account shall only be used to fund projects approved by the board as part of a proposed district plan. Moneys deposited in an account may be used for projects that do not generate new tax revenues, provided such projects are part of an approved plan. A municipality shall maintain records documenting the use of deposits under the program and make them available to the board or the department upon request.

c. Moneys from new tax revenues collected within a district and expended by a municipality under the program are subject to audit by the department or the auditor of state.
[**ARC 0135D**, IAB 3/18/26, effective 4/22/26]

261—200.7(15J) Plan amendments and reporting.

200.7(1) *Plan amendments.*

a. Requests for amendments shall include updated or amended feasibility and economic impact studies as determined necessary by the authority. A plan amendment request that does not increase the maximum benefit amount may be requested at any time.

b. A request to extend a district's established commencement date will be rejected.

c. If, after final approval and establishment of the district, a municipality is unable to carry out development of all the projects proposed to be undertaken in a district, the municipality shall seek a modification to the plan. If a requested plan amendment would reduce capital investment in a district or remove one or more of the projects originally approved for the district, the board in its discretion may reduce, rescind, or otherwise modify the maximum benefit amount accordingly.

200.7(2) *Reports.* Following establishment of a district, the municipality shall submit the reports required by Iowa Code section 15J.4(6). Reports will be posted on the authority's website in accordance with Iowa Code section 15J.4(7).
[**ARC 0135D**, IAB 3/18/26, effective 4/22/26]

261—200.8(15J) Cessation of deposits, district dissolution, and requests for extension.

200.8(1) *Cessation of deposits.* Deposits to the district's account shall cease in accordance with Iowa Code section 15J.8.

200.8(2) *District dissolution.* If a municipality is notified that its maximum benefit amount has been reached, the municipality shall dissolve the district by ordinance or resolution as soon as practicable after notification.

200.8(3) *Requests for extension.* The board may extend the district's 20-year period of time for depositing and receiving revenues in accordance with Iowa Code section 15J.8(3).
[**ARC 0135D**, IAB 3/18/26, effective 4/22/26]

261—200.9(15J) Cross-reference to department rules. The department has adopted rules for the administration and deposit of moneys into the fund and into accounts in 701—Chapter 273.
[**ARC 0135D**, IAB 3/18/26, effective 4/22/26]

These rules are intended to implement Iowa Code chapter 15J.

[Filed ARC 1175C (Notice ARC 0947C, IAB 8/21/13), IAB 11/13/13, effective 12/18/13]
[Filed ARC 5319C (Notice ARC 5185C, IAB 9/23/20), IAB 12/16/20, effective 1/20/21]
[Editorial change: IAC Supplement 12/15/21]
[Filed ARC 0135D (Notice ARC 9833C, IAB 12/24/25), IAB 3/18/26, effective 4/22/26]
[Editorial change: IAC Supplement 4/1/26]

CHAPTER 201
IOWA MAJOR EVENTS AND TOURISM PROGRAM

Chapter rescission date pursuant to Iowa Code section 17A.7: 4/22/31

261—201.1(15G) Definitions.

"Applicant" means an eligible entity that is applying for financial assistance through the program.

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

"Board" means the Iowa economic development authority board.

"Entity" means the same as defined in Iowa Code section 15G.101.

"Event" means the same as defined in Iowa Code section 15G.101.

"Financial assistance" means the same as defined in Iowa Code section 15G.101.

"Matching funds" means a cash contribution made by an entity applying for financial assistance. "Matching funds" does not include any in-kind noncash contributions.

"Program" means the Iowa major events and tourism program administered pursuant to this chapter and Iowa Code sections 15G.101 through 15G.104.

"Recipient" means an entity that has been awarded financial assistance.

[**ARC 0136D**, IAB 3/18/26, effective 4/22/26]

261—201.2(15G) Eligibility.

201.2(1) In addition to the eligibility criteria in Iowa Code section 15G.103(2), an event must meet the following criteria to be eligible for financial assistance under the program:

a. The event must be an event that has not previously been held in Iowa or has a quality or qualities that substantially distinguish the event from other events that have been held or could be held in the state.

b. The event must be a ticketed event or require registration.

c. The event will generate significant attendance from an out-of-state audience.

d. The event is or will be held no more frequently than one time annually in Iowa.

e. The hosting rights for the event were not secured by the entity applying for financial assistance before July 1, 2025.

201.2(2) To determine whether an event is a tourism-oriented athletic contest, convention, music festival, or art festival for the purposes of the program, the authority will consider the following factors:

a. Whether the event encourages overnight stays.

b. Whether the event contributes to the vitality of the host region's tourism and economic development activity.

c. Whether the marketing plan for the event targets an audience from more than 50 miles away from the event location.

d. Whether the event elevates the profile of the state as a destination and encourages other events to seek Iowa communities as a host.

[**ARC 0136D**, IAB 3/18/26, effective 4/22/26]

261—201.3(15G) Preapplication. Entities interested in applying for financial assistance shall submit a preapplication to the authority in the form and content prescribed by the authority. The preapplication will be evaluated by staff for eligibility based on the criteria in Iowa Code section 15G.103(2) and rule 261—201.2(15G).

[**ARC 0136D**, IAB 3/18/26, effective 4/22/26]

261—201.4(15G) Application.

201.4(1) Entities that are invited to apply for the program based on their preapplication and staff review conducted pursuant to rule 261—201.3(15G) shall submit an application to the authority in the form and content prescribed by the authority. The application shall contain the following:

a. An economic analysis that meets the requirements in Iowa Code section 15G.103(2)*"a"*(2).

b. A marketing plan for the event that demonstrates to the satisfaction of the authority that the entity has the capacity and expertise to market the event appropriately.

c. Documentation of the entity's nonprofit status and documentation that the entity is established to promote economic development and tourism in an area.

d. The request for proposals or other comparable documents that the entity has responded to or will respond to in order to secure the event.

e. Documentation of the entity's ability to provide matching funds as required by Iowa Code section 15G.103(4)*"b."*

f. Documentation of the expenditures required as part of the entity's bid for the event.

201.4(2) An application must be for a minimum request of $200,000.

201.4(3) An entity shall submit only one application for the program per bid process.

201.4(4) Authority staff will evaluate each application based on the criteria identified in Iowa Code section 15G.103 and the following criteria:

a. Whether the event would be new to Iowa or has been held in Iowa within the previous three years.

b. Whether receipt of financial assistance will be necessary for a successful bid or selection.

201.4(5) Following staff evaluation, eligible applications will be forwarded to the board for its final funding decision.

[**ARC 0136D**, IAB 3/18/26, effective 4/22/26]

261—201.5(15G) Eligible expenses.

201.5(1) Expenditures identified in Iowa Code section 15G.102(2) that are required as part of the entity's bid for an event are eligible for financial assistance.

201.5(2) Expenses for expenditures not directly related to the bidding and selection process are ineligible for reimbursement, including but not limited to:

a. Costs of developing or making permanent improvements to facilities, payroll or operating expenses.

b. Costs otherwise eligible but associated with a recipient-owned or recipient-controlled venue or asset.

c. Items that are purchased for resale.

d. Any item not required as part of the entity's bid for an event.

[**ARC 0136D**, IAB 3/18/26, effective 4/22/26]

261—201.6(15G) Administration.

201.6(1) *Notification.* The authority will notify successful applicants in writing of their approved application for financial assistance and prepare an agreement that reflects the terms of the financial assistance. The recipient must execute and return the agreement to the authority within 60 days of the transmittal of the final agreement from the authority. Failure to do so may result in termination of the financial assistance by the authority.

201.6(2) *Disbursement.* Financial assistance will be disbursed on a reimbursement basis. The authority will establish the frequency and amounts available for disbursement in the agreement entered pursuant to subrule 201.6(1).

201.6(3) *Reporting requirements.*

a. Each recipient shall submit an annual report that includes information about the status of the event and any information required by Iowa Code section 8.57.

b. A recipient shall submit information reasonably required by the authority to make reports to the authority's board, the governor's office, or the general assembly.

201.6(4) *Remedies for noncompliance.* If the authority finds that a recipient is not in compliance with program requirements or the terms and conditions of the agreement, the authority may employ any remedies it deems appropriate, including but not limited to the following:

a. Issue a warning letter stating that continued failure to comply with program requirements within a stated period of time will result in a more serious action.

b. Condition future financial assistance on correcting compliance issues.

c. Require that some or all of the financial assistance be remitted to the authority.

d. Elect not to provide future financial assistance to the recipient until appropriate actions are taken to ensure compliance.

e. Prohibit future awards of financial assistance.

[**ARC 0136D**, IAB 3/18/26, effective 4/22/26]

These rules are intended to implement Iowa Code sections 15G.101 through 15G.104.

[Filed ARC 0136D (Notice ARC 9829C, IAB 12/24/25), IAB 3/18/26, effective 4/22/26]

CHAPTERS 202 to 210
Reserved

CHAPTER 211
COMMUNITY ATTRACTION AND TOURISM (CAT) PROGRAM

[Prior to 9/6/00, see 261—Ch 65]

Chapter rescission date pursuant to Iowa Code section 17A.7: 4/22/31

261—211.1(15F) Definitions. When used in this chapter unless the context otherwise requires:

"Attraction" means a permanently located recreational, cultural, educational, or entertainment activity that is available to the general public.

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

"Board" means the same as defined in Iowa Code section 15.102.

"CAT" means community attraction and tourism.

"CAT review committee" means the committee established by Iowa Code section 15F.203(2).

"Economic development organization" means an entity organized to position a community to take advantage of economic development opportunities and strengthen a community's competitiveness as a place to work and live.

"Local support" means endorsement by local individuals, organizations, and political subdivisions that have a substantial interest in a project.

"Nonfinancial support" may include but is not limited to the value of labor and services. Real property and personal property donated for purposes of the project are considered financial support at their fair market value.

"Public organization" means a not-for-profit economic development organization or other not-for-profit organization, including one that sponsors or supports community or tourism attractions and activities.

"Recipient" means the entity under contract to receive CAT funds and undertake the funded activity.

"School district" means a school corporation organized under Iowa Code chapter 274.

"Vertical infrastructure" means the same as defined in Iowa Code section 15F.203(3).

[**ARC 0137D**, IAB 3/18/26, effective 4/22/26]

261—211.2(15F) Eligible applicants. Eligible applicants for CAT funds include cities, counties, public organizations, and school districts in cooperation with a city or county. Any eligible applicant may apply individually or jointly with another eligible applicant or other eligible applicants. A school district must apply jointly with a city or county.

[**ARC 0137D**, IAB 3/18/26, effective 4/22/26]

261—211.3(15F) Eligible projects.

211.3(1) Eligible projects provide recreational, cultural, entertainment, and educational opportunities. Funded projects must position a community to take advantage of economic development opportunities in tourism and strengthen a community's competitiveness as a place to work and live. Completed projects must be open to the public for general use.

211.3(2) Eligible CAT projects must be primarily vertical infrastructure projects.

[**ARC 0137D**, IAB 3/18/26, effective 4/22/26]

261—211.4(15F) Ineligible projects.

211.4(1) The board shall not approve an application for assistance under this program to refinance an existing loan.

211.4(2) A recipient may not receive more than one CAT award for a single project. However, previously funded projects may receive an additional award(s) if the applicant demonstrates that the funding is to be used for a significant expansion of the project or a new project.

211.4(3) The board shall not approve an application for assistance in which the combination of CAT funds plus other state funds would constitute more than 50 percent of the total project costs.

211.4(4) Work completed and costs incurred, except the acquisition of real estate, prior to the date of a potential CAT award are ineligible for funding under the CAT programs.

[**ARC 0137D**, IAB 3/18/26, effective 4/22/26]

261—211.5(15F) Application requirements. Applications for the program must contain all the information identified in Iowa Code section 15F.202(2).
[**ARC 0137D**, IAB 3/18/26, effective 4/22/26]

261—211.6(15F) Application procedure. Authority staff will review applications for completeness and eligibility and as described in subrule 211.7(1). A review, analysis, and evaluation from the authority staff will be submitted to the CAT review committee, which will then make a final recommendation to the board for final approval, denial, or deferral.

211.6(1) Applicants must submit a notice of intent to apply on a form provided by the authority. The authority will send standard application forms to those applicants who have submitted a notice of intent to apply. The notice of intent to apply form will be available on the authority's website. The authority can waive this requirement for good cause.

211.6(2) Authority staff may provide technical assistance as necessary. Authority staff and board members may conduct on-site evaluations of proposed projects.

211.6(3) Incomplete or ineligible applications will not be forwarded to the CAT review committee or board for review.
[**ARC 0137D**, IAB 3/18/26, effective 4/22/26]

261—211.7(15F) Application review.

211.7(1) Authority staff will review each application for the following information:

a. Whether the application documents local support for the proposed activity.

b. Whether the proposed project is primarily a vertical infrastructure project.

c. Whether at least 65 percent of the funds needed to complete the proposed project have been raised or pledged. Other state funds cannot be counted as match until the applicant can document that at least 50 percent of the funds have been raised. Moneys raised at any time and not yet spent may be considered as local match. Up to 25 percent of the local match may be nonfinancial support.

211.7(2) The CAT review committee shall consider, at a minimum, the criteria identified in Iowa Code section 15F.203(3).
[**ARC 0137D**, IAB 3/18/26, effective 4/22/26]

261—211.8(15F) Administration.

211.8(1) *Administration of awards.*

a. A contract shall be executed between the recipient and authority. The authority and the board reserve the right to negotiate terms and conditions of the contract.

b. The recipient must execute and return the contract within 45 days of transmittal of the final contract. Failure to do so may be cause for the board to terminate the award.

c. Certain projects may require that permits or clearances be obtained from other state or local agencies before the project may proceed. Awards may be conditioned upon the timely completion of these requirements.

d. Awards may be conditioned upon commitment of other sources of funds necessary to complete the project.

e. Awards may be conditioned upon the authority's receipt and board approval of an implementation plan for the funded project.

211.8(2) *Disbursement of funds.* Recipients shall submit requests for funds in the manner and on forms prescribed by the authority. Individual requests for funds shall be made in an amount equal to or greater than $1,000 per request, except for the final draw of funds.

211.8(3) *Recordkeeping and retention.* The recipient shall retain all financial records, all supporting documents, and all other records pertinent to the funded CAT project for three years after contract closeout. Representatives of the authority or its designees shall have access to all records belonging to or in use by recipients pertaining to CAT funds.

211.8(4) *Performance reports and reviews.* Upon request of the authority or the board, recipients shall submit performance reports in the manner and on forms prescribed by the authority. Reports shall assess

the use of funds and progress of activities. The authority may perform any reviews or site visits necessary to ensure each recipient's performance.

211.8(5) *Amendments to contracts.* Any substantive change to a contract shall be considered an amendment. Substantive changes include time extensions, budget revisions and significant alterations of the funded project that change the scope, location, objectives or scale of the approved project. Amendments must be requested in writing by the recipient and are not considered valid until approved by the board and confirmed in writing.

211.8(6) *Contract closeout.* Upon project completion, the authority shall initiate contract closeout procedures.

211.8(7) *Compliance with state and local laws and regulations.* Recipients shall comply with all applicable federal, state or local laws, rules or regulations, including but not limited to these rules, any provisions of the Iowa Code governing the program, or the recipient's project or operations.

211.8(8) *Remedies for noncompliance.* At any time before contract closeout, the authority may, for cause, find that a recipient is not in compliance with the requirements of this program. Remedies for noncompliance may include penalties up to and including the return of program funds. Reasons for a finding of noncompliance include but are not limited to the recipient's use of funds for activities not described in the contract, the recipient's failure to complete funded projects in a timely manner, the recipient's failure to comply with applicable federal, state or local laws, rules or regulations, or the lack of a continuing capacity of the recipient to carry out the approved project in a timely manner.

[**ARC 0137D**, IAB 3/18/26, effective 4/22/26]

261—211.9(15F) Allocation of funds. Funds shall be allocated in accordance with Iowa Code section 15F.204(5) through 15F.204(8).

[**ARC 0137D**, IAB 3/18/26, effective 4/22/26]

These rules are intended to implement Iowa Code chapter 15F, subchapter II.

[Filed emergency 6/18/99—published 7/14/99, effective 7/1/99]
[Filed 8/20/99, Notice 7/14/99—published 9/8/99, effective 10/13/99]
[Filed without Notice 8/18/00—published 9/6/00, effective 10/11/00]
[Filed 10/23/00, Notice 9/6/00—published 11/15/00, effective 12/20/00]
[Filed emergency 9/18/08 after Notice 7/16/08—published 10/8/08, effective 9/18/08]
[Filed Emergency ARC 8034B, IAB 8/12/09, effective 7/17/09]
[Filed ARC 8213B (Notice ARC 8033B, IAB 8/12/09), IAB 10/7/09, effective 11/11/09]
[Filed ARC 4513C (Notice ARC 4329C, IAB 3/13/19), IAB 6/19/19, effective 7/24/19]
[Filed ARC 5028C (Notice ARC 4670C, IAB 9/25/19), IAB 4/8/20, effective 5/13/20]
[Editorial change: IAC Supplement 7/10/24]
[Filed ARC 0137D (Notice ARC 9834C, IAB 12/24/25), IAB 3/18/26, effective 4/22/26]

CHAPTER 212
VISION IOWA PROGRAM
Rescinded **ARC 9998C**, IAB 1/21/26, effective 2/25/26

CHAPTER 213
ENHANCE IOWA BOARD: UNIFORM WAIVER RULES
Rescinded **ARC 9998C**, IAB 1/21/26, effective 2/25/26

CHAPTER 214
ENHANCE IOWA BOARD
Rescinded **ARC 9998C**, IAB 1/21/26, effective 2/25/26

CHAPTER 215
SPORTS TOURISM PROGRAM: MARKETING FUND
Rescinded **ARC 0138D**, IAB 3/18/26, effective 4/22/26

CHAPTER 216
SPORTS TOURISM INFRASTRUCTURE PROGRAM

Chapter rescission date pursuant to Iowa Code section 17A.7: 4/22/31

261—216.1(15F) Definitions. When used in this chapter, unless the context otherwise requires:

"Accredited colleges and universities" means any college, university, or institution of higher learning that is accredited by the Higher Learning Commission or by an accrediting agency that is recognized by the U.S. Department of Education.

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

"Bid fees" means fees paid as part of proposing a location for an event.

"Board" means the same as defined in Iowa Code section 15.102.

"Financial assistance" means the same as defined in Iowa Code section 15F.401.

"Infrastructure" means land acquisition and construction; major renovations of buildings; and all appurtenant structures, utilities, and site development that are related to the operation of a sporting event.

"Infrastructure fund" means the fund established pursuant to Iowa Code section 15F.404 for purposes of financing sports tourism infrastructure projects.

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

"Professional sporting events" means the same as defined in Iowa Code section 15F.401.

"Program" means the sports tourism infrastructure program administered pursuant to this chapter and funded by the infrastructure fund.

"Public entity" means a nonprofit entity.

"Sporting event" means an athletic activity requiring skill or physical prowess, usually competitive in nature and governed by a set of rules provided by a nationally recognized sanctioning body. A sporting event typically includes the placing of competitors into a fixed order of finish depending upon their respective athletic performance within the rules provided for that activity.

"Sports tourism program review committee" or *"review committee"* means the committee established by Iowa Code section 15F.402(2).

[**ARC 0139D**, IAB 3/18/26, effective 4/22/26]

261—216.2(15F) Eligible applicants. Eligible applicants are identified in Iowa Code section 15F.401(2)*"a."*

[**ARC 0139D**, IAB 3/18/26, effective 4/22/26]

261—216.3(15F) Eligible infrastructure projects. Only projects that support sporting events occurring in Iowa are eligible for assistance.

216.3(1) When considering whether to award financial assistance for two fiscal years, the board shall evaluate metrics including the amount of revenue generated by ticket sales, the estimated economic impact, and the number of overnight stays at hotels in the city or county where the sporting event is being held. For example, economic impact may be calculated as total estimated attendance multiplied by daily attendee spending multiplied by average length of stay. If an eligible applicant wishes to supply an alternative formula for calculating economic impact, the applicant must supply a credible source for using an alternative formula. The authority may include such metrics and estimates in a program agreement executed pursuant to Iowa Code section 15F.401.

216.3(2) A city, county, or public entity shall not use financial assistance for costs incurred prior to approval of financial assistance.

216.3(3) Financial assistance shall be provided for sports tourism infrastructure projects that draw a national and international audience and attract a significant number of visitors from outside the state. Factors the authority will consider in determining whether a project is qualified under this subrule include but are not limited to whether the likelihood of a national or international audience is validated by any available data about the anticipated audiences for the event, whether the event is nationally or

internationally televised, and projected visitor information or visitor information for similar events held in the state.

[**ARC 0139D**, IAB 3/18/26, effective 4/22/26]

261—216.4(15F) Eligible and ineligible infrastructure expenses.

216.4(1) *Eligible expenses.* Examples of eligible expenses include but are not limited to:

a. Land acquisition;

b. Construction;

c. Major renovation of buildings;

d. Site development;

e. Permanent or temporary structures; and

f. Purchase or long-term lease of equipment.

216.4(2) *Ineligible expenses.* Expenses that are not directly related to sporting events or are not considered infrastructure will be ineligible for reimbursement under the program. Examples of ineligible expenses include but are not limited to:

a. Bid fees, rights fees, solicitation efforts, or lobbying fees;

b. Travel costs or compensation of applicant staff;

c. Expenses associated with marketing or promotion;

d. Ongoing operational costs not specifically related to sporting events; and

e. Other costs that the board determines to be ineligible.

[**ARC 0139D**, IAB 3/18/26, effective 4/22/26]

261—216.5(15F) Threshold application requirements. To be considered for funding under the program, an application must meet the following threshold application requirements:

216.5(1) There must be demonstrated local support for the proposed activity.

216.5(2) The application must contain a detailed description of the project outlining the sporting event(s) and the infrastructure expenses necessary to support it.

216.5(3) The proposed project budget must be spent on infrastructure that actively and directly supports the sporting event(s).

216.5(4) The application must contain detailed information and projections sufficient to enable the authority to accurately assess the economic impact of the sporting event(s) described in the application. Such information shall include the estimated number of spectators and estimated quality and quantity of advertising and media coverage the sporting event(s) will generate. If the applicant has previously held substantially similar events, the information shall include actual attendance figures from past events and a summary of the advertising and media coverage generated.

[**ARC 0139D**, IAB 3/18/26, effective 4/22/26]

261—216.6(15F) Application process.

216.6(1) Applications for assistance under the program shall be submitted to the authority. For those applications that meet the threshold application requirements and the eligibility criteria, the authority shall forward the applications to the board and provide a staff review analysis and evaluation to the sports tourism program review committee and to the board.

216.6(2) When reviewing the applications, the review committee and the authority shall consider the criteria identified in Iowa Code section 15F.402(3) and the following:

a. The extent to which the project would generate additional recreational and cultural attractions or tourism opportunities.

b. The extent to which the sporting event to be supported by the infrastructure project is unique, innovative, or diverse.

216.6(3) Upon review of the recommendations of the review committee, the board shall make final funding decisions in accordance with Iowa Code section 15F.401(5).

[**ARC 0139D**, IAB 3/18/26, effective 4/22/26]

261—216.7(15F) Administration.

216.7(1) *Administration of awards.*

a. The agreement entered into pursuant to Iowa Code section 15F.401(8) will include the terms and conditions under which financial assistance must be repaid or penalties incurred in the event the applicant does not fulfill all obligations under the agreement.

b. The applicant must execute and return the agreement within 90 days of the transmittal of the final agreement. Failure to do so may be cause for the board to terminate the award.

c. Financial assistance shall not be provided until all financing for the sports tourism infrastructure project is secured and documented to the satisfaction of the authority.

d. Awards may be conditioned upon authority receipt and board approval of an implementation plan for the funded project.

216.7(2) *Reports.* The report required pursuant to Iowa Code section 15F.401(7) shall be submitted in the manner and on forms prescribed by the authority. The authority may perform any reviews or site visits necessary to ensure performance by the applicant.

216.7(3) *Requests for funds.* Recipients shall submit requests for funds in the manner and on forms prescribed by the authority. Individual requests for funds shall be made in an amount equal to or greater than $1,000 per request, except for the final draw of funds.

216.7(4) *Recordkeeping and retention.* The recipient shall retain all financial records, supporting documents, and other records pertinent to the sports tourism award for three years after contract closeout. Representatives of the authority shall have access to all recipient records that pertain to sports tourism funds.

216.7(5) *Amendments to contracts.* Any substantive change to a contract shall be considered an amendment. Substantive changes include time extensions, budget revisions, and significant alterations of the funded project that change the scope, location, objectives, or scale of the approved project. Amendments must be approved by the board. The authority may execute nonsubstantive or ministerial changes to the contract without board approval.

216.7(6) *Project closeout.* Upon expiration of the agreement, the authority shall initiate project closeout procedures.

216.7(7) *Compliance with state and local laws and regulations.* Recipients shall comply with all applicable federal, state or local laws, rules or regulations, including but not limited to these rules and any provisions of the Iowa Code governing the program or the recipient's project or operations.

216.7(8) *Remedies for noncompliance.* At any time before project closeout, the authority may, for cause, find that a recipient is not in compliance with the requirements of this program. Remedies for noncompliance may include penalties up to and including the return of program funds. Reasons for a finding of noncompliance include but are not limited to the applicant's use of funds for activities not described in the contract; the applicant's failure to complete funded projects in a timely manner; the applicant's failure to comply with applicable federal, state or local laws, rules or regulations; or the lack of a continuing capacity of the applicant to carry out the approved project in a timely manner.

[**ARC 0139D**, IAB 3/18/26, effective 4/22/26]

These rules are intended to implement 2022 Iowa Acts, House File 2579, and Iowa Code chapter 15F, subchapter IV.

[Filed ARC 6612C (Notice ARC 6444C, IAB 8/10/22), IAB 11/2/22, effective 12/7/22]

[Editorial change: IAC Supplement 7/10/24]

[Filed ARC 0139D (Notice ARC 9835C, IAB 12/24/25), IAB 3/18/26, effective 4/22/26]

CHAPTERS 217 to 219
Reserved

CHAPTER 220
RURAL HOUSING NEEDS ASSESSMENT GRANT PROGRAM
Transferred to 261—Chapter 28, **ARC 6892C**, IAB 02/22/23

CHAPTER 221
RURAL INNOVATION GRANT PROGRAM
Transferred to 261—Chapter 29, **ARC 6892C**, IAB 02/22/23

CHAPTER 222
EMPOWER RURAL IOWA PROGRAM
Transferred to 261—Chapter 30, **ARC 6892C**, IAB 02/22/23

CHAPTERS 223 to 299
Reserved

CHAPTER 300
IOWA FILM PRODUCTION INCENTIVE PROGRAM AND FUND

Chapter rescission date pursuant to Iowa Code section 17A.7: 4/22/31

261—300.1(15) Purpose. The Iowa film production incentive program and the Iowa film production incentive fund are created pursuant to and for the purposes stated under Iowa Code section 15.517.
[**ARC 0140D**, IAB 3/18/26, effective 4/22/26]

261—300.2(15) Definitions.

"Applicant" means a qualified production facility that is applying for a rebate under the program.

"Authority" means the Iowa economic development authority.

"Capital expenditure" means money spent to purchase or maintain fixed assets or tangible personal property, including information technology systems, having a useful life of more than one year.

"Certified public accountant" means the same as defined in Iowa Code section 542.3.

"Fringes" means payroll fees (excluding taxes), union and guild fees, insurance benefits, and worker's compensation, specific to the production for which an applicant is applying for a program rebate.

"Iowa business" means a business registered and in good standing with the Iowa secretary of state.

"Postproduction" means the activities preparing the film or television program for final showing, including editing and sound design.

"Preproduction" means activities enabling the start of principal photography in Iowa, including hiring local cast and crew and final location scouting.

"Principal photography" means the production phase in which the bulk of shooting takes place.

"Program" means the Iowa film production incentive program created pursuant to Iowa Code section 15.517.

"Qualified expenditure" means the same as defined in Iowa Code section 15.517 and meeting the criteria in rule 261—300.5(15).

"Qualified production" means the same as defined in Iowa Code section 15.517.

"Qualified production facility" means the same as defined in Iowa Code section 15.517.

"Rebate" means a rebate disbursed to a recipient pursuant to Iowa Code section 15.517 after the recipient complies with all of the reporting requirements under rule 261—300.6(15).

"Recipient" means a qualified production facility that has been awarded a program rebate.

"Studio" means a company that produces and has a dedicated physical space for the production of video entertainment.
[**ARC 0140D**, IAB 3/18/26, effective 4/22/26]

261—300.3(15) Eligible applicants. An applicant must be a qualified production facility producing a qualified production and meeting the following criteria:

300.3(1) The production will have a total production budget of at least $1,000,000, including a minimum of $500,000 in qualified expenditures.

300.3(2) The production will be made available to the public for viewing at a venue where admission is charged or made available for purchase, for rental, or through a streaming service that requires a subscription.

300.3(3) Principal photography has not started as of the date of the application submission.

300.3(4) If applying for more than one qualified production, only one application per production is submitted.

300.3(5) The production must be a feature film, television series, documentary or unscripted series.
[**ARC 0140D**, IAB 3/18/26, effective 4/22/26]

261—300.4(15) Application process.

300.4(1) Applicants applying for the first time under the program, or as otherwise required by the authority, must submit a qualified production facility certification in the form and content prescribed by the authority as part of the application process.

300.4(2) Applicants must electronically file their program application in the form and content prescribed by the authority.

300.4(3) Applications will be reviewed by the authority for award of a program rebate. Payment of the rebate will be made only after completion of the applicant's qualified production and submission of the materials specified in rule 261—300.6(15).

300.4(4) Factors the authority may consider when reviewing an application include:

a. Extent to which the applicant will participate in training, education, and recruitment programs that are organized in cooperation with interested Iowa colleges and universities and that are designed to promote and encourage the training and hiring of Iowa residents.

b. Whether the rebate will incentivize the applicant to choose an Iowa location for its production over an out-of-state location.

c. Likelihood that approval of the rebate will result in an overall long-term positive impact to Iowa.

300.4(5) Based on the review process and subject to available funding, the authority may revise an applicant's overall funding request.

300.4(6) The authority will notify successful applicants in writing of their approved application for a rebate and prepare an agreement that reflects the terms of the award. A recipient must execute and return the agreement to the authority within 30 days of the transmittal of the final agreement from the authority. Failure to do so may result in the termination of the award by the authority.

[**ARC 0140D**, IAB 3/18/26, effective 4/22/26]

261—300.5(15) Qualified expenditures.

300.5(1) Qualified expenditures are expenditures incurred for industry standard preproduction, production and post-production expenses paid to Iowa businesses or to production personnel, crew and cast physically working on the production in Iowa. Qualified expenditures include:

a. Wages and fringes for personnel, crew and cast members.

b. Equipment rentals.

c. Equipment purchases, not to exceed $5,000 per unit.

d. Rental of facilities, including other studio production facilities, located within the boundaries of Iowa that are not owned, managed or operated by the applicant or by a subsidiary, parent, affiliated or associated entity of applicant.

e. Hospitality services.

f. Certified public accountant services.

g. Per diem payments.

h. Accommodations within the boundaries of Iowa and certified in compliance with Iowa Code section 80.45A.

i. Transportation, limited to mileage at standard Internal Revenue Service (IRS) rates and rental fees paid to Iowa businesses and full-time Iowa residents for vehicle rentals.

j. Fees for submission to film festivals in Iowa.

k. Temporary set-based construction.

l. Services that directly support standard preproduction, production and postproduction expenses (e.g., security, police, fire services).

300.5(2) Qualified expenditures do not include:

a. Entertainment.

b. Airfare.

c. Royalties.

d. Publicity.

e. Compensation paid to employees with a financial interest in the recipient entity.

f. Permanent facility-based construction.

g. Capital expenditures.

h. Sales, use and hotel and motel taxes.

[**ARC 0140D**, IAB 3/18/26, effective 4/22/26]

261—300.6(15) Reporting requirements and rebate.

300.6(1) A recipient shall complete and submit all reports required by the program agreement. A recipient shall submit any information requested by the authority in sufficient detail to permit the authority to prepare any reports required by the authority, the general assembly or the governor's office.

300.6(2) The maximum rebate paid to a recipient will equal 30 percent of the recipient's documented qualified expenditures. The rebate amount shall not exceed the award amount specified in the notice of award and the program agreement unless otherwise agreed to by the authority in writing. Any decision by the authority on the rebate amount shall be made in the sole discretion of the authority and shall be final.

[**ARC 0140D**, IAB 3/18/26, effective 4/22/26]

These rules are intended to implement Iowa Code section 15.517.

[Filed ARC 0140D (Notice ARC 9827C, IAB 12/24/25), IAB 3/18/26, effective 4/22/26]

PART XI
ARTS AND CULTURE

CHAPTER 301
IOWA COMMUNITY CULTURAL GRANTS (ICCG) PROGRAM

[Prior to 11/1/23, see Cultural Affairs Department[221] Ch 6]

Chapter rescission date pursuant to Iowa Code section 17A.7: 1/1/28

261—301.1(15) Program purpose. The purpose of the Iowa community cultural grants (ICCG) is to provide a program of grants to cities, county governments, tribal councils and nonprofit, tax-exempt community groups to support the development of community programs which provide jobs for local Iowans while promoting Iowa's cultural, ethnic, and historical heritages, through the development of festivals, music, drama, cultural programs, historic restorations, and tourism projects.
[Editorial change: IAC Supplement 11/1/23]

261—301.2(15) Program description. The ICCG program shall operate as a competitive grants program administered by the authority under the direction of the director or designee. Iowa cities, county governments, tribal councils and nonprofit, tax-exempt community groups may make application to the authority which will approve or disapprove all submissions based upon published criteria. The ICCG program shall provide funding to successful applications, subject to local matching funds provisions and contractual terms as set forth in an agreement between the authority and any successful grant recipient.
[Editorial change: IAC Supplement 11/1/23]

261—301.3(15) Definitions. The following definitions shall apply when used in this chapter unless otherwise noted:

"Advisory committee" means the committee comprised of at least three representatives from across the state with expertise in the arts, history, and economic development. The advisory committee shall review each application and make recommendations to the director for funding of eligible projects.

"Application" means an official ICCG application form as provided by the authority.

"Authority" means the Iowa economic development authority.

"Community group" means an Iowa nonprofit, tax-exempt organization which is open to the general public and established for the promotion and development of one or more of the following disciplines or activities: the arts, history, culture, ethnicity, historic preservation, tourism, economic development, festivals, or municipal libraries. "Community group" shall not include a school, college, university, political party, labor union, state or federal government agency, religious organization, church, convention, or association of churches operated primarily for religious purposes, or operated, supervised, controlled or principally supported by a religious organization, church, convention, or association of churches. "Community group" also shall not include any organization whose primary purpose is to support any excluded type of organization.

"Director" means the director of the authority, or designee.

"Eligible activity" means a qualified festival; performing, visual, or literary arts project; historic preservation, museum, tourism, or ethnic heritage project which will enhance Iowa's cultural climate, and which will provide jobs for Iowans while serving the general public.

"Eligible applicant" means an incorporated city in Iowa, county government, tribal council, or an Iowa community group which is federally tax-exempt under United States Internal Revenue Code Section 501(c)(3) and incorporated under the Iowa nonprofit corporation Act. Iowa community groups may apply for ICCG funds through a fiscal agent which is federally tax-exempt and otherwise eligible to apply.

"Fiscal agent" means an organization which meets the definition of eligible applicant, and which serves as the legal applicant of record, redistributes the funds to the intended receiver, and is responsible for all published requirements of the ICCG program including contracts, budgets, fiscal records, and reports.

"Grantee" means any applicant receiving grant funds under the ICCG program.

"ICCG" means the Iowa community cultural grants program as administered by the authority.

"In-kind contribution" means a noncash contribution provided by a grantee as a part of the grantee's matching share of a project.

"Matching funds" means those funds which are locally contributed for the specifically funded project and which, when combined with in-kind contributions, shall equal at least 50 percent or more of the total project cost. Matching funds shall be provided by the eligible applicant and shall not include any portion of another authority, Iowa arts council, or state historical society of Iowa grant.

"Proposed project" means an eligible activity for which an eligible applicant has submitted a single application for funding of a single project.

[**ARC 7734B**, IAB 5/6/09, effective 6/10/09; Editorial change: IAC Supplement 11/1/23]

261—301.4(15) Application procedures. All ICCG inquiries and correspondence, including the submission of completed application forms for consideration of funding, shall be addressed to the Iowa Economic Development Authority, 1963 Bell Avenue, Suite 200, Des Moines, Iowa 50315, telephone 515.348.6200. All applications shall be submitted according to the authority's published guidelines. Handwritten, out-of-date, or telefacsimile applications shall not be accepted. All applications submitted shall be reviewed by the advisory committee, with the advisory committee's recommendations for grantees and grant awards being submitted to the director or designee who shall determine final grantees' awards to the extent funds are available.

[Editorial change: IAC Supplement 11/1/23]

261—301.5(15) Review criteria. Review criteria shall include the following minimum criteria:

1. The historical, ethnic, cultural, and tourism value and quality of the proposed project;
2. The number and impact of full- and part-time employment for Iowans created by the proposed project;
3. The degree of collaboration with other interested entities;
4. The financial need of the applicant for the proposed project; and
5. The appropriateness of the project budget.

Additional review criteria are as listed in the published project guidelines.

[Editorial change: IAC Supplement 11/1/23]

261—301.6(15) Award amounts. Grant awards shall be made from $1,000 at a minimum to $25,000 at a maximum. The director reserves the right not to grant all appropriated funds if there is an insufficient number of applications submitted to adequately achieve the purposes of the Act as defined in rule 261—301.1(15).

[Editorial change: IAC Supplement 11/1/23]

261—301.7(15) Grant deadline. The authority may establish one or more grant deadlines for the submission of ICCG applications each year funds are available.

[Editorial change: IAC Supplement 11/1/23]

261—301.8(15) Contractual agreement. The authority and each successful grantee shall enter into a contractual agreement prior to the expenditure of project-related funds. No grant or matching funds may be obligated or expended for the project prior to the execution of the contractual agreement by the authority and the grantee. A grantee must expend all awarded funds within the fiscal year named in the contractual agreement.

[Editorial change: IAC Supplement 11/1/23]

261—301.9(15) Auditing requirements. The authority reserves the right to request an audit of the expenditures of any ICCG-funded project at the expense of the grantee and may also require the grantee to submit copies of expense documentation prior to or in support of a reimbursement claim.

[Editorial change: IAC Supplement 11/1/23]

261—301.10(15) Informal appeals. An informal appeals process shall be made available only to applicants whose applications were declined on procedural impropriety or error as evidenced by one or more of the following reasons:

1. Application declined on the basis of review criteria other than those appearing in rule or relevant guidelines;

2. Application declined based on influence of the advisory committee willfully failing to disclose conflicts of interest;

3. Application declined based upon highly erroneous information provided by staff or advisory committee members at the time of the review despite the fact that the applicant provided the authority with accurate and complete information on regulation forms as part of the standard application process. Incomplete, ineligible, or applications failing to meet the annual deadline are specifically denied any appeals process. All requests for appeals shall be made in writing and shall be hand-delivered or bear a U.S. Postal Service postmark within 30 days of notification of the decision. The director shall consider and rule on the appeal and will notify the appellant in writing of the decision within 30 days from the receipt of the appeal. The decision of the director is final except as provided for in Iowa Code sections 17A.19 to 17A.20.

[Editorial change: IAC Supplement 11/1/23]

These rules are intended to implement Iowa Code section 15.436 as transferred by 2023 Iowa Acts, Senate File 514, section 2125.

[Filed emergency 7/29/83—published 8/17/83, effective 7/29/83]
[Filed emergency 7/12/84 after Notice 6/6/84—published 8/1/84, effective 7/12/84]
[Filed emergency after Notice 9/20/85, Notice 7/3/85—published 10/9/85, effective 9/20/85]
[Filed emergency 10/21/86—published 11/19/86, effective 10/21/86]
[Filed emergency 2/20/87—published 3/11/87, effective 2/20/87]
[Filed 12/21/87, Notice 6/3/87—published 1/13/88, effective 2/17/88]
[Filed emergency 8/28/91—published 9/18/91, effective 8/28/91]
[Filed 8/7/96, Notice 7/3/96—published 8/28/96, effective 10/2/96]
[Filed 4/24/02, Notice 3/20/02—published 5/15/02, effective 6/30/02]
[Filed 11/14/07, Notice 10/10/07—published 12/5/07, effective 1/9/08]
[Filed 12/15/08, Notice 11/5/08—published 1/14/09, effective 2/18/09]
[Filed ARC 7734B (Notice ARC 7589B, IAB 2/25/09), IAB 5/6/09, effective 6/10/09]
[Editorial change: IAC Supplement 11/1/23]

CHAPTER 302
CULTURAL LEADERSHIP PARTNERS (CLP) PROGRAM

[Prior to 11/1/23, see Cultural Affairs Department[221] Ch 8]

Chapter rescission date pursuant to Iowa Code section 17A.7: 1/1/28

261—302.1(15) Purpose. The cultural leadership partners program provides multiyear, general operating budgetary support to major arts and cultural organizations which demonstrate an exemplary record of cultural and managerial excellence and community service on a continuing basis to the citizens of Iowa.
[Editorial change: IAC Supplement 11/1/23]

261—302.2(15) Definitions. As used in these rules, unless the context otherwise requires:

"Application" means a formal request on prescribed forms for funds available through this program.

"Arts organization" means an eligible organization whose primary mission, purpose, and services are centered in the arts.

"Authority" means the Iowa economic development authority.

"CLP" means the cultural leadership partners program.

"CLP coordinator" means the authority staff member assigned as the primary contact person for the CLP program.

"Cultural organization" means an eligible organization with a primary mission and purpose that is cultural in nature; the cultural organization must operate as a museum, botanical center, zoo, or center for the performing arts.

"Director" means the director of the authority.

"Eligible organization" means an Iowa arts or cultural organization that meets the criteria for eligibility described in published guidelines. "Eligible organization" shall not include an organization that uses a fiscal agent or the Iowa nonprofit or federal tax-exempt status of another organization; an organization that receives general operating support through other programs administered by the authority or its divisions; a for-profit corporation or business, religious organization, political party, or national service/professional organization; an agency, department or division of county, state or federal government, including libraries, parks, and recreation departments; an auditorium, convention center or similar venue; or an educational institution, organization or PK-12 school, whose primary orientation, mission and purpose are education and the awarding of academic credits.

"End-of-year report" means a report submitted to the authority following the end of a partner organization's operating year, detailing financial, operational, and programming data of the partner organization.

"Evaluation team" means a team of up to four individuals appointed by the director who have knowledge and expertise relevant to the arts or cultural applicant organization being evaluated for acceptance into the CLP program.

"Matching funds" means nonstate and nonfederal funds equal to or in excess of the grant award.

"Partner organization" means any eligible applicant that has been accepted by the director into the cultural leadership partners program.
[Editorial change: IAC Supplement 11/1/23]

261—302.3(15) Eligibility. Eligibility requirements are according to published program guidelines. Eligible organizations must meet all eligibility requirements of this program for the applicant's three previous operating years prior to the application deadline. Organizations receiving funding through this program must continue to meet all eligibility requirements annually to continue to receive funding.
[Editorial change: IAC Supplement 11/1/23]

261—302.4(15) Application procedure.

302.4(1) *Procedure.* All applications shall be submitted on official application forms available from the authority. Procedures for review of applications are according to published guidelines.

302.4(2) *Application deadline.* Applications will be accepted from eligible organizations every three years according to published guidelines.

[Editorial change: IAC Supplement 11/1/23]

261—302.5(15) Matching funds. Eligible organizations whose cash operating budgets include nonstate and nonfederal funds equal to or in excess of the grant award shall be determined to have met the matching requirements for this program. Grant funds from the department or its divisions shall not be used as matching funds for this program.
[Editorial change: IAC Supplement 11/1/23]

261—302.6(15) Evaluation team. The director shall appoint an evaluation team of up to four individuals to review each eligible organization's application and recommend approval for funding under the guidelines of this program. The members of the evaluation team shall serve until the review process for the applicant organization is completed. The evaluation team shall consist of representatives with knowledge and expertise pertinent to the types of organizations eligible for the cultural leadership partners program. The committee evaluation team shall be comprised of members who are not employed by an applicant and who do not serve on a board, council, or commission of an applicant, with or without compensation.
[Editorial change: IAC Supplement 11/1/23]

261—302.7(15) Application review and selection.

302.7(1) *Procedure.*

a. Each application shall be screened by the CLP coordinator for eligibility and completeness. Incomplete or ineligible applications or applications received after the deadline shall not be considered for funding.

b. The evaluation team shall evaluate all applications eligible for consideration and make recommendations for funding to the director.

c. Final decisions, certification of grant awards, and acceptance into the CLP program shall be determined by the director.

302.7(2) *Review criteria.* Review criteria shall be according to the authority's published guidelines and shall include the following at a minimum:

a. Programmatic excellence, leadership and cultural impact;

b. Sound fiscal and managerial practices and administrative stability; and

c. Community outreach and involvement.

[Editorial change: IAC Supplement 11/1/23]

261—302.8(15) Grant administration.

302.8(1) *Contracts.*

a. Upon certification by the director that an applicant organization is approved to become a CLP partner, the authority shall enter into a contract with the organization. The contract shall state the dates, terms, and conditions of the grant award, as well as the amount of the award. When allocating awards to cultural leadership partners, the director shall first ensure that funds are available to meet obligations to existing partners before entering into any contracts with new partner organizations.

b. All contracts shall be approved by the director and the legally responsible officer of the partner organization.

302.8(2) *Payments.* Payments of the grant award shall be made upon the receipt by the authority of a signed contract from the partner organization.

302.8(3) *Record-keeping and retention requirements.*

a. Financial records, supporting documents, and all other records pertinent to the program shall be retained by the partner organization for three years beyond the grant period.

b. Representatives of the authority and the state auditor's office shall have access to all books, documents, account information, or other property belonging to or in use by the partner organization pertaining to the receipt of funds under this program.

302.8(4) *Audits.* The recipient of any grant of $25,000 or more in any single grant cycle shall have conducted an on-site financial compliance audit. This audit shall not be an eligible grant expense.

302.8(5) *Reporting requirements.* The partner organization shall provide an end-of-year report of the use of CLP funds which shall be submitted according to a schedule as outlined in the contract.

302.8(6) *Finding of noncompliance.* The authority may, for cause, find that a partner organization is not in compliance with the requirements of this program or the terms of the contract. At the authority's discretion, remedies for noncompliance may include suspension or return of grant funds. Reasons for a finding of noncompliance may include, but are not limited to:

a. The partner organization's use of funds for activities not permitted under the guidelines of this program;

b. Failure of the partner organization to return the signed contract in a timely manner;

c. Failure of the partner organization to comply with any applicable state or federal rules, regulations, or laws; or

d. A violation of the terms of the contract.

[Editorial change: IAC Supplement 11/1/23]

261—302.9(15) Informal appeals.

302.9(1) Eligible applicants or partner organizations may informally appeal a decision of the authority not to grant CLP funds on any of the following bases:

a. Action was outside of the statutory authority;

b. Decision was influenced by a conflict of interest;

c. Action violated state law, administrative rules, or policy;

d. Insufficient public notice was given; and

e. Alteration of the review and certification processes was detrimental to the applicant.

302.9(2) Informal appeals in writing may be directed to the director within 15 days of the final certification of the incident. All informal appeals shall be directed to the Director, Iowa Economic Development Authority, 1963 Bell Avenue, Suite 200, Des Moines, Iowa 50315.

302.9(3) All informal appeals shall contain:

a. Facts of the case;

b. Argument in favor of the appeal; and

c. Remedy sought.

302.9(4) The director shall consider and rule on the informal appeal after receiving all documentation from the appellant and shall notify the appellant in writing of the decision within 30 days. Decisions by the director may be appealed through the contested case process as set out in Iowa Code sections 17A.10 to 17A.19.

[Editorial change: IAC Supplement 11/1/23]

These rules are intended to implement Iowa Code section 15.436 as transferred by 2023 Iowa Acts, Senate File 514, section 2125.

[Filed 11/8/90, Notice 8/8/90—published 11/28/90, effective 1/2/91]
[Filed 4/24/02, Notice 3/20/02—published 5/15/02, effective 6/30/02]
[Filed 11/14/07, Notice 10/10/07—published 12/5/07, effective 1/9/08]
[Editorial change: IAC Supplement 11/1/23]

CHAPTER 303
CULTURAL AND ENTERTAINMENT DISTRICTS

[Prior to 11/1/23, see Cultural Affairs Department[221] Ch 9]

Chapter rescission date pursuant to Iowa Code section 17A.7: 1/1/28

261—303.1(15) Purpose. The purpose of cultural and entertainment districts is to encourage city and county governments, organizations, businesses, and individuals to enhance the quality of life for citizens of this state and enrich local economies through developing and sustaining cultural facilities in a synergetic fashion. Certified cultural and entertainment districts will receive technical assistance from the authority's staff, will be eligible for certain incentives, and may have professional services of other state agencies to draw upon in order to facilitate the local program.

[Editorial change: IAC Supplement 11/1/23]

261—303.2(15) Definitions.

"Authority" means the Iowa economic development authority.

"Certified cultural and entertainment district" means a cultural and entertainment district that has been certified by the authority pursuant to these rules. A certified cultural and entertainment district must be a well-defined, compact, contiguous geographic area that includes both residential and commercial property and a high concentration of cultural facilities. Only certified cultural and entertainment districts are eligible for the incentives set forth in these rules.

"Cultural and entertainment district" means a well-recognized, labeled, compact mixed-use area in which a high concentration of cultural facilities serves as the anchor.

"Cultural facilities" are physical and cultural assets that play a vital role in the life and development of the community and contribute to the public through interpretive, educational, and recreational uses, including but not limited to museums, libraries, performance halls, studios, galleries, arts-related retail shops, music or media production houses, arboreta, and artist live/work spaces.

"Director" means the director of the authority.

[Editorial change: IAC Supplement 11/1/23]

261—303.3(15) Eligible applicants. All applicants shall represent a public-private partnership.

303.3(1) *Public element of partnership.* All cities and counties are eligible to serve as the public component of the partnership. Two or more cities or counties may apply jointly for certification of a district that extends across a common boundary.

303.3(2) *Private element of partnership.* A local community organization (nonprofit or for-profit) is eligible to serve as the private component of the partnership.

[Editorial change: IAC Supplement 11/1/23]

261—303.4(15) Program administration.

303.4(1) *Administering agency.* The cultural and entertainment district certification program will be administered by the authority.

303.4(2) *Advisory committee.* The director shall appoint a cultural and entertainment district advisory committee composed of individuals knowledgeable in subjects including but not limited to historic preservation, arts, tourism, and economic development to advise the director on the various elements of the program. The advisory committee shall have nine members who serve three-year staggered terms. At least one member will be a representative from the authority.

303.4(3) *Request for proposals (RFP).* The authority will distribute a request for proposals that describes the cultural and entertainment district certification program, outlines eligibility requirements, and includes an application and a description of the application procedures.

303.4(4) *Applications.* The authority shall develop and make available a standardized application pertaining to the certification of cultural and entertainment districts. Applications may be obtained by contacting the Iowa Economic Development Authority, 1963 Bell Avenue, Suite 200, Des Moines, Iowa 50315; telephone 515.348.6200; www.iowaeda.com.

303.4(5) *Deadline.* A completed application shall be returned to the authority, postmarked no later than the date specified by the authority in the RFP, and shall contain the information requested in the application.
[Editorial change: IAC Supplement 11/1/23]

261—303.5(15) Selection.

303.5(1) The authority shall establish criteria for the selection of cultural and entertainment districts for certification. The following factors shall be considered:

a. Management structure.
b. Presence of cultural assets.
c. Level of community support.
d. Local incentives.
e. Plan for developing and sustaining the district.

303.5(2) The director will determine the number of cultural and entertainment districts to be selected for certification.

303.5(3) Cultural and entertainment districts will be selected for certification on a competitive basis from the applications received.

303.5(4) Staff review. Applications shall be reviewed by authority staff to ensure compliance with the program's administrative rules and guidelines. Applications meeting the requirements shall be forwarded to the advisory committee.

303.5(5) Advisory committee review. The advisory committee will review applications and make recommendations to the director.

303.5(6) Final selection. The director shall make final certification decisions. The director reserves the right to withhold certification if applications submitted do not adequately achieve the purposes of the cultural and entertainment district certification program.
[Editorial change: IAC Supplement 11/1/23]

261—303.6(15) Certification.

303.6(1) *Timing.* At least annually, the director will announce the certification of cultural and entertainment districts. If no new certifications have been issued, the director will so state.

303.6(2) *Compliance.* Certified cultural and entertainment districts must submit an annual report to the authority. Continued certification is contingent upon acceptable performance. The authority may amend, suspend, or terminate certification for reasons that may include, but are not limited to, a consistent failure to report, a dissolution of the management structure, or a significant deviation from the plan for cultural development.
[Editorial change: IAC Supplement 11/1/23]

261—303.7(15) Incentives. The authority shall encourage development projects and activities located in certified cultural and entertainment districts through incentives.

303.7(1) Owners of property located in certified cultural and entertainment districts may request tax benefits for substantial rehabilitation work on historic buildings. Property owners desiring these tax benefits shall make application under 223—Chapters 47 and 48 and shall comply with all requirements therein.

303.7(2) The authority shall provide incentives under cultural grant programs administered by the authority. Specific incentives may be reflected in the application instructions for each grant program.

303.7(3) Additional incentives may from time to time be offered by the authority, other state agencies, and other organizations.
[Editorial change: IAC Supplement 11/1/23]

261—303.8(15) Appeals. Eligible applicants may informally appeal a decision of the director not to certify a cultural and entertainment district on any of the following bases:

1. Action was outside statutory authority;
2. Decision was influenced by a conflict of interest;
3. Action violated state law, administrative rule, or written policy;

4. Insufficient public notice was given; and
5. Alteration of the review process was detrimental to the applicant.

Informal appeals shall be submitted in writing within 15 days of the notice of denial. All informal appeals shall be directed to the Director, Iowa Economic Development Authority, 1963 Bell Avenue, Suite 200, Des Moines, Iowa 50315. All informal appeals shall contain the facts of the case, argument in favor of the appeal, and remedy sought.

The director shall consider and rule on the informal appeal after receiving all documentation from the appellant and shall notify the appellant in writing of the decision within 30 days. Decisions by the director may be appealed through the contested case process as set out in Iowa Code sections 17A.10 to 17A.19.
[Editorial change: IAC Supplement 11/1/23]

These rules are intended to implement Iowa Code section 15.438 as transferred by 2023 Iowa Acts, Senate File 514, section 2125.

[Filed 2/26/04, Notice 1/21/04—published 3/17/04, effective 4/21/04]
[Filed 9/9/05, Notice 8/3/05—published 9/28/05, effective 11/2/05]
[Editorial change: IAC Supplement 11/1/23]

CHAPTER 304
ORGANIZATION AND OPERATION

[Prior to 11/15/23, see Arts Division[222] Ch 1]

Chapter rescission date pursuant to Iowa Code section 17A.7: 1/1/28

261—304.1(15) Definitions. The definitions of terms listed in Iowa Code section 17A.2 shall apply for terms as they are used throughout 261—Chapters 304 to 308. In addition, as used in 261—Chapters 304 to 308, the following definitions shall apply:

"Advisory panel" means a group of citizens appointed by the authority to assist in any aspect of authority programs or services.

"Applicant" means an incorporated city, county government, tribal council, or community group in Iowa or in a border city which is incorporated under the Iowa nonprofit corporation Act and which is federally tax-exempt; or an individual artist who is a legal resident of Iowa or a border city.

"Application" means a formal request, using authority forms, for a grant or artist approval from an eligible applicant.

"Authority" means the Iowa economic development authority.

"Border city" means a municipality with boundaries directly adjacent to one or more borders of the state of Iowa.

"Cash match" means the amount of actual cash provided by a recipient as part of the recipient's share of a project.

"Council" means the Iowa arts council.

"Director" means the director of the authority.

"Fiscal agent" means an organization that meets the definition of applicant and that administers grant funds for an organization which has not yet received its tax-exempt status.

"In-kind match" means donated goods and services provided by a recipient as part of the recipient's share of a project.

"Juried resource" means a printed or electronically produced resource of the authority in which applicants are reviewed and recommended for inclusion in the resource by an advisory panel.

"Matching funds" means the program or project cost which shall be provided by the recipient either in kind or in cash.

"Project" means an eligible activity for which an organization or individual has submitted an application for grant funds for authority approval.

"Recipient" means any applicant receiving funds from the authority.

"Reviewer" means any individual appointed by the authority to review applications to a grant program or authority project.

"Support materials" means information submitted as supplemental to the formal application form.

[Editorial change: IAC Supplement 11/15/23]

261—304.2(15) Purpose. The council is established by Iowa Code section 15.465 as transferred by 2023 Iowa Acts, Senate File 514, section 2125. The mission of the council is to enrich the quality of life and learning in Iowa communities by encouraging excellence in the arts through leadership, grants and technical assistance.

[Editorial change: IAC Supplement 11/15/23]

261—304.3(15) Location. The office of the Iowa arts council is located at the Iowa Economic Development Authority, 1963 Bell Avenue, Suite 200, Des Moines, Iowa 50315. Regular office hours are 8 a.m. to 4:30 p.m., Monday through Friday, state holidays excepted. The telephone number is 515.348.6200. The Internet web address is www.culture.iowaeda.com.

[Editorial change: IAC Supplement 11/15/23]

261—304.4(15) Council statement on freedom of expression. The council adopts the following mission statement regarding freedom of expression:

"The mission of the Iowa arts council is to advance the arts in Iowa for the benefit of all. Support of free speech is the centerpiece of this mission. The council is an advocate for and defender of the right of free speech by all citizens under the First Amendment of the Constitution of the United States.

"The council recognizes the need for public support of the arts and understands the responsibilities that accompany the allocation of public funds. The council seeks the advice of qualified Iowans through the use of advisory panels for funding recommendations. The council is committed to uphold and maintain the highest artistic standards and to encourage excellence in the arts.

"The council respects the integrity of an artist's personal vision and right to freedom of expression. The council rejects all attempts to control or censor the arts. Recognizing the diversity of viewpoints represented by Iowa communities, the council supports freedom of choice and access to the arts by all citizens."

[Editorial change: IAC Supplement 11/15/23]

These rules are intended to implement Iowa Code sections 15.465 and 15.466 as transferred by 2023 Iowa Acts, Senate File 514, section 2125.

[Filed 8/30/91, Notice 6/26/91—published 9/18/91, effective 10/9/91]
[Filed 8/26/94, Notice 7/20/94—published 9/14/94, effective 10/19/94]
[Filed 9/2/98, Notice 7/29/98—published 9/23/98, effective 10/28/98]
[Filed 1/13/06, Notice 11/23/05—published 2/1/06, effective 3/8/06]
[Editorial change: IAC Supplement 11/15/23]

CHAPTER 305
OPERATING AND GRANTING POLICIES

[Prior to 11/15/23, see Arts Division[222] Ch 2]

Chapter rescission date pursuant to Iowa Code section 17A.7: 1/1/28

261—305.1(15) Definitions. The definitions of terms listed in Iowa Code section 17A.2 and 261—Chapter 304 shall apply to this chapter.
[Editorial change: IAC Supplement 11/15/23]

261—305.2(15) Operating policies. The following operating policies shall apply to authority arts programs and services except where noted:

305.2(1) Annually, the authority appoints advisory panels or reviewers to assist in any aspect of authority arts programs or services. The authority shall accept nominations from the general public of qualified individuals to serve in these capacities.

305.2(2) Recommendations of advisory panels or reviewers on any aspect of administration or programs constitute advice and shall not be binding on the director. In the case of grants, final awarding authority rests with the director or the director's designee.

305.2(3) The authority shall provide information on arts activities in Iowa to the general public and may charge a fee for the dissemination of such information. Individuals and organizations may request a copy of information collected and maintained by the authority.

305.2(4) Organizations or individuals requesting information may be charged for time and materials used in producing lists or reports. A list of fees for services is available from the authority upon request.
[Editorial change: IAC Supplement 11/15/23]

261—305.3(15) Funding policies. The following policies apply to all programs outlined in 261—Chapters 306 to 308 except where noted:

305.3(1) All authority arts programs shall be conducted according to published guidelines that outline the goals of the programs, eligibility requirements, funding priorities, review criteria, application forms, adjudication processes and recipient requirements.

305.3(2) Grant programs shall require formal application and review prior to the award or denial of any funds. The application, review, and award process will vary with the nature and design of each grant program and will occur according to published guidelines.

305.3(3) A nonprofit organization that has not yet achieved federal tax-exempt status may apply through a fiscal agent.

305.3(4) A tax-exempt, nonprofit organization located in a border city shall be eligible to apply to the authority for projects that serve Iowa audiences.

305.3(5) An individual applying for and receiving grant funds shall be a legal resident of the United States, or be in the process of becoming a legal resident as evidenced by certified documentation, and be 18 years of age or older unless otherwise noted in program guidelines.

305.3(6) An application from an individual must support a project designed solely to benefit the individual and must not be a project of an organization with which the individual applicant has a formal affiliation such as employment or continued volunteer service.

305.3(7) An application shall not be considered unless submitted on a current authority application form with support materials as required.

305.3(8) The authority shall issue a service contract for all funds awarded unless otherwise noted in program guidelines.

305.3(9) No authority funds shall be used by a recipient to meet the recipient's obligation to match other authority grants or programs.

305.3(10) Review criteria scores shall be the official record of the proceedings of an advisory panel meeting. Authority staff shall, upon request, provide an applicant with a written record of these scores.

305.3(11) An advisory panel member who has an affiliation in any grant application and who fails to withdraw from all discussion and voting on such an application shall be recommended for removal from

the panel. Affiliated interests shall be interpreted to include an employee, board or trustee relationship with the applicant, and shall be extended to include the spouse and dependent children of the advisory panel member.

305.3(12) The authority shall not consider an application for funding a previous year's deficit.

305.3(13) A recipient shall not utilize authority funds for any lobbying purpose.

305.3(14) Unless otherwise contracted for in writing prior to surrender, any and all patents, copyrights, or other legal interest of relevance to programs or projects supported by the authority shall be the sole and exclusive property of the artist or the artist's designee.

305.3(15) A recipient shall credit the arts council in all promotion, publicity, advertising, and in any printed materials relating to the grant-supported project with the following credit line or a reasonable facsimile: "This program is supported in part by the Iowa Arts Council." Noncompliance with this guideline shall jeopardize future funding of the recipient by the arts division.

305.3(16) An applicant is not eligible to apply for or receive new funds if authority records show an outstanding late final report or contract-mandated requirement from a previous grant award.

305.3(17) A recipient that does not successfully complete an authortiy contract within authority guidelines may be required to return all or part of the authority funds; such determination will be made at the sole discretion of the director in consultation with authority staff.

305.3(18) Informal appeals. An informal appeals process shall be made available only to an applicant whose application was declined on procedural impropriety or error as evidenced by one or more of the following reasons:

a. Application declined on the basis of review criteria other than those appearing in the relevant guidelines;

b. Application declined based on influence of a reviewer willfully or unwillfully failing to disclose a conflict of interest; or

c. Application declined based on highly erroneous information provided by staff, reviewers, or council members at the time of review despite the fact that the applicant provided the authority staff with accurate and complete information on authority forms as part of the standard application process.

An incomplete or ineligible application is specifically denied any appeals process.

All requests for appeals shall be made in writing and shall be postmarked or received in the authority office within 30 calendar days of notification of the decision. Requests for appeals should be directed to the Iowa Arts Council, Iowa Economic Development Authority, 1963 Bell Avenue, Suite 200, Des Moines, Iowa 50315. A successful informal appeal shall be determined at the sole discretion of the director, whose discretion may include full or partial funding of the application at the earliest occasion. The director shall have the authority to appoint an appeals committee to assist in the review of any request from an applicant whose application was denied funding. The appeals committee shall have representation from the discipline of the aggrieved applicant.

305.3(19) Formal appeals. Decisions by the director may be appealed through the contested case process as set out in Iowa Code sections 17A.10 to 17A.19.

[Editorial change: IAC Supplement 11/15/23]

These rules are intended to implement Iowa Code sections 15.436 and 15.465 to 15.467 as transferred by 2023 Iowa Acts, Senate File 514, section 2125.

[Filed 8/30/91, Notice 6/26/91—published 9/18/91, effective 10/9/91]
[Filed 8/26/94, Notice 7/20/94—published 9/14/94, effective 10/19/94]
[Filed 6/28/95, Notice 3/15/95—published 7/19/95, effective 8/23/95]
[Filed 9/2/98, Notice 7/29/98—published 9/23/98, effective 10/28/98]
[Filed 1/13/06, Notice 11/23/05—published 2/1/06, effective 3/8/06]
[Editorial change: IAC Supplement 11/15/23]

CHAPTER 306
OPERATIONAL SUPPORT PARTNERSHIP PROGRAM FOR MAJOR ARTS ORGANIZATIONS

[Prior to 2/1/06, see 222—Ch 6]
[Prior to 11/15/23, see Arts Division[222] Ch 3]

Chapter rescission date pursuant to Iowa Code section 17A.7: 1/1/28

261—306.1(15) Operational support partnership program for major arts organizations. The authority awards three-year funding support for the general operational expenses of major arts organizations with an exemplary track record of artistic and managerial excellence and community service to the citizens of Iowa.
[Editorial change: IAC Supplement 11/15/23]

261—306.2(15) Definitions. The definitions of terms listed in Iowa Code section 17A.2 and 261—Chapter 304 shall apply for terms as they are used throughout this chapter. In addition, the following definitions shall apply:

"Funding cycle" means the three-year funding cycle.

"Project year" means July 1 through June 30 and shall coincide with the state of Iowa's fiscal year.

"Strategic plan" means a document developed and used by an organization to align its organization and budget structure with organizational priorities, mission, goals and objectives.

"Year one" means the first fiscal year of the funding cycle.

"Year-round" means the 12-month period of time in which an organization's primary arts activities, arts programs or arts services are provided to the citizens of Iowa.

"Year three" means the third fiscal year of the funding cycle.

"Year two" means the second fiscal year of the funding cycle.
[Editorial change: IAC Supplement 11/15/23]

261—306.3(15) Eligibility. Applicants must meet all eligibility requirements for two continuous years prior to applying to the operational support partnership program.

306.3(1) An applicant's primary mission and purpose shall be the arts.

306.3(2) An applicant shall be incorporated in Iowa under the Iowa nonprofit corporation Act and hold federal tax-exempt status, or be a department or division of an Iowa municipal government. An applicant may not use a fiscal agent.

306.3(3) An applicant may be located in a border city.

306.3(4) An applicant shall have an annual cash operating budget of at least $150,000.

306.3(5) An applicant shall operate year-round and provide arts programs and services year-round to the citizens of Iowa.

306.3(6) At least 50 percent of the individuals benefiting from an applicant's programs and services must be Iowans.

306.3(7) An applicant shall have at least one paid staff member employed year-round and responsible for managing the organization.

306.3(8) An applicant shall have a strategic plan.

306.3(9) An applicant receiving operational support funding during fiscal year 2004 shall meet the eligibility requirements by fiscal year 2007 or be determined ineligible. Thereafter, an applicant must meet the eligibility requirements of the program. A new applicant shall meet the eligibility requirements at the time an application is submitted.
[Editorial change: IAC Supplement 11/15/23]

261—306.4(15) Cash match requirements. An applicant shall be required to demonstrate evidence of ability to match the requested amount in cash. Cash match requirements shall be met automatically when an applicant's operating budget contains nonfederal and nonauthority funds in excess of the award.
[Editorial change: IAC Supplement 11/15/23]

261—306.5(15) Funding cycle. The operational support partnership program shall operate on a three-year cycle.
[Editorial change: IAC Supplement 11/15/23]

261—306.6(15) Restrictions. An applicant shall be limited to receiving additional grants from the authority or any of its divisions in accordance with restrictions that are incorporated into published program guidelines.
[Editorial change: IAC Supplement 11/15/23]

261—306.7(15) Application process. An application shall be reviewed using a process that is incorporated into published program guidelines.
[Editorial change: IAC Supplement 11/15/23]

261—306.8(15) Review criteria. An application shall be reviewed using review criteria that are incorporated into published program guidelines.
[Editorial change: IAC Supplement 11/15/23]

261—306.9(15) Funding awards. Awards shall be made in accordance with the procedures outlined in 261—subrules 305.3(12) to 305.3(17). An award allocated to an applicant in year one of the funding cycle shall be maintained during year two and year three except in the case of a significant shift in the arts division's annual state or federal appropriation.
[Editorial change: IAC Supplement 11/15/23]

261—306.10(15) Notification. Notification of funding awards and other requirements of applicants shall be made in year one of the three-year funding cycle.
[Editorial change: IAC Supplement 11/15/23]

261—306.11(15) Contract. A contract shall be issued in year one of the three-year funding cycle.
[Editorial change: IAC Supplement 11/15/23]

261—306.12(15) Reporting. A recipient annually shall submit an end-of-year report.
[Editorial change: IAC Supplement 11/15/23]

261—306.13(15) Appeals. An applicant denied funding may file an appeal using procedures outlined in 261—subrules 305.3(18) and 305.3(19).
[Editorial change: IAC Supplement 11/15/23]

These rules are intended to implement Iowa Code sections 15.436 and 15.465 to 15.467 as transferred by 2023 Iowa Acts, Senate File 514, section 2125.

[Filed 8/30/91, Notice 6/26/91—published 9/18/91, effective 10/9/91]
[Filed 8/26/94, Notice 7/20/94—published 9/14/94, effective 10/19/94]
[Filed 6/28/95, Notice 3/15/95—published 7/19/95, effective 8/23/95]
[Filed 9/2/98, Notice 7/29/98—published 9/23/98, effective 10/28/98]
[Filed 4/24/02, Notice 3/20/02—published 5/15/02, effective 6/30/02]
[Filed 1/13/06, Notice 11/23/05—published 2/1/06, effective 3/8/06]
[Editorial change: IAC Supplement 11/15/23]

CHAPTER 307
PROJECT GRANT PROGRAMS

[Prior to 2/1/06, see 222—Chs 5, 8 and 10 to 13]
[Prior to 11/15/23, see Arts Division[222] Ch 5]

Chapter rescission date pursuant to Iowa Code section 17A.7: 1/1/28

261—307.1(15) Project grant programs. The authority project grant programs provide financial incentives to Iowa artists and individual arts educators; nonprofit and tax-exempt organizations; schools; area education agencies; local, county, state and federal governmental agencies; and tribal councils to support a wide variety of arts-related activities.
[Editorial change: IAC Supplement 11/15/23]

261—307.2(15) Definitions. The definitions of terms listed in Iowa Code section 17A.2 and 261—Chapter 304 shall apply for terms as they are used throughout this chapter. In addition, the following definition shall apply:

"Imagine Iowa 2010: A Cultural Vision" means the strategic planning document for the department of cultural affairs.
[Editorial change: IAC Supplement 11/15/23]

261—307.3(15) Funding priorities. The authority places a high priority on projects that have high-quality arts production or arts experiences at their center and on projects that advance the goals of Imagine Iowa 2010: A Cultural Vision. Additional funding priorities for individual grant programs are as listed in the authority's published guidelines.
[Editorial change: IAC Supplement 11/15/23]

261—307.4(15) Review criteria. Review criteria for all project grant programs include artistic excellence and service to Iowans. Additional review criteria for individual project grant programs are as listed in the arts division's published guidelines.
[Editorial change: IAC Supplement 11/15/23]

261—307.5(15) Funding policies and procedures. Authority project grant programs shall operate in accordance with funding policies and procedures described in 261—Chapter 305.
[Editorial change: IAC Supplement 11/15/23]

These rules are intended to implement Iowa Code sections 15.465 to 15.467 as transferred by 2023 Iowa Acts, Senate File 514, section 2125.

[Filed 4/24/02, Notice 3/20/02—published 5/15/02, effective 6/30/02]
[Filed 1/13/06, Notice 11/23/05—published 2/1/06, effective 3/8/06]
[Editorial change: IAC Supplement 11/15/23]

CHAPTER 308
IOWA ARTS COUNCIL SCHOLARSHIP FOR THE ARTS

[Prior to 11/15/23, see Arts Division[222] Ch 9]

Chapter rescission date pursuant to Iowa Code section 17A.7: 1/1/28

261—308.1(15) Iowa arts council scholarship for the arts. The Iowa arts council scholarship for the arts supports the development of outstanding high school seniors who excel in the arts and are enrolled in accredited educational programs leading to careers in the arts. A limited number of scholarships are awarded annually to selected students for undergraduate tuition and related expenses to attend an Iowa college or university.
[Editorial change: IAC Supplement 11/15/23]

261—308.2(15) Definitions. The definitions of terms listed in Iowa Code section 17A.2 and 261—Chapter 304 shall apply for terms as they are used throughout this chapter.
[Editorial change: IAC Supplement 11/15/23]

261—308.3(15) Eligibility. An applicant, at the time of application, must be enrolled at the senior class level in an Iowa high school and display proven artistic ability in the area of music, dance, visual arts, theatre, folklife or literature. Prior to issuance of funds, a scholarship recipient must be accepted as a full-time undergraduate student majoring in one or more of the named areas of study at a fully accredited Iowa college or university.
[Editorial change: IAC Supplement 11/15/23]

261—308.4(15) Formal application process. A formal application shall be made on an official form published by the authority. A finalist candidate shall participate in a personal interview with an advisory panel. A finalist candidate is required to attend the personal interview at the candidate's own expense. A finalist candidate unable to attend the personal interview shall not be considered eligible to receive a scholarship.
[Editorial change: IAC Supplement 11/15/23]

261—308.5(15) Deadline. An application shall be due in accordance with the deadline published in the program guidelines.
[Editorial change: IAC Supplement 11/15/23]

261—308.6(15) Review criteria. Review criteria shall be in accordance with published program guidelines.
[Editorial change: IAC Supplement 11/15/23]

261—308.7(15) Obligation of recipients. Scholarship recipients shall inform the authority of any change in address or school enrollment.
[Editorial change: IAC Supplement 11/15/23]

261—308.8(15) Notification process. An applicant shall be notified of scholarship selections within 30 days of the student interview date.
[Editorial change: IAC Supplement 11/15/23]

261—308.9(15) Appeals. An applicant denied scholarship funding may appeal the decision in accordance with procedures as outlined in 261—subrules 305.3(18) and 305.3(19).
[Editorial change: IAC Supplement 11/15/23]

These rules are intended to implement Iowa Code sections 15.465 to 15.467 as transferred by 2023 Iowa Acts, Senate File 514, section 2125.

[Filed 4/24/02, Notice 3/20/02—published 5/15/02, effective 6/30/02]
[Filed 1/13/06, Notice 11/23/05—published 2/1/06, effective 3/8/06]
[Editorial change: IAC Supplement 11/15/23]

CHAPTERS 309 and 310
Reserved

[Editorial change: IAC Supplement 11/15/23]

CHAPTER 311
RENEWABLE FUEL INFRASTRUCTURE BOARD—ORGANIZATION
Rescinded **ARC 6320C**, IAB 5/18/22, effective 6/22/22; see 21—Ch 13

CHAPTER 312
RENEWABLE FUEL INFRASTRUCTURE PROGRAM FOR
RETAIL MOTOR FUEL SITES
Rescinded **ARC 6320C**, IAB 5/18/22, effective 6/22/22; see 21—Ch 14

CHAPTER 313
RENEWABLE FUEL INFRASTRUCTURE PROGRAM FOR
BIODIESEL TERMINAL GRANTS
Rescinded **ARC 6320C**, IAB 5/18/22, effective 6/22/22; see 21—Ch 15

CHAPTER 314
RENEWABLE FUEL INFRASTRUCTURE PROGRAM ADMINISTRATION
Rescinded **ARC 6320C**, IAB 5/18/22, effective 6/22/22; see 21—Ch 16

CHAPTERS 315 to 399
Reserved

PART XII
ENERGY DIVISION

CHAPTER 400
RULES APPLICABLE TO PART XII
Rescinded **ARC 9998C**, IAB 1/21/26, effective 2/25/26

CHAPTER 401
ADMINISTRATION OF FINANCIAL ASSISTANCE
[Prior to 11/16/11, see 350—Ch 4]
Rescinded **ARC 9998C**, IAB 1/21/26, effective 2/25/26

CHAPTER 402
ENERGY EFFICIENCY COMMUNITY GRANT PROGRAM
[Prior to 11/16/11, see 350—Ch 5]
Rescinded **ARC 6320C**, IAB 5/18/22, effective 6/22/22

CHAPTER 403
IOWA ENERGY CENTER

Chapter rescission date pursuant to Iowa Code section 17A.7: 1/1/28

261—403.1(15) Purpose. The Iowa energy center is established within the authority with the following purposes:

1. To expand workforce and career opportunities for workers in the energy sector to ensure that the state is able to attract and train professionals to meet the state's future energy needs.
2. To support technology-based development by encouraging public-private partnerships and innovative manufacturers to develop and bring to market new energy technologies.
3. To support rural and underserved areas and vulnerable populations by creating opportunities for greater access to energy efficiency expertise, training, programs, and cyber security preparedness for small utilities.
4. To support the expansion of natural gas infrastructure to rural and underserved areas of the state where the absence is a limiting factor to economic development.
5. To promote and fund research, development, and commercialization of biomass technology to benefit the state economically and environmentally by further realizing the value-added attributes of biomass in the development of bioenergy, biofuels, and biochemicals.
6. To encourage growth of the alternative fuel vehicle market, particularly for electric vehicles, and the infrastructure necessary to support the market.
7. To support efforts to modernize the electric grid infrastructure of the state to support increased capacity and new technologies.
8. To support research and development of strategies for carbon management.

[**ARC 4063C**, IAB 10/10/18, effective 11/14/18; **ARC 6492C**, IAB 9/7/22, effective 10/12/22]

261—403.2(15) Definitions. As used in these rules, unless the context otherwise requires:

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

"Board" means the governing board of the Iowa energy center established pursuant to Iowa Code section 15.120(2), and includes the members appointed to the board by the governor.

"Center" means the Iowa energy center established pursuant to Iowa Code section 15.120.

"Committee" means a committee established by the board.

"Director" means the director of the authority.

"Internet site" means the information and related content maintained by the authority and found at www.iowaeda.com. "Internet site" may include content at affiliated sites whose content is integrated with that site.

[**ARC 4063C**, IAB 10/10/18, effective 11/14/18; **ARC 5994C**, IAB 10/20/21, effective 9/30/21]

261—403.3(15) Iowa energy center board.

403.3(1) *Composition.* A governing board is established consisting of the following members appointed by the governor:

a. One member representing Iowa state university of science and technology, in consultation with the president of that university.

b. One member representing the university of Iowa, in consultation with the president of that university.

c. One member representing the university of northern Iowa, in consultation with the president of that university.

d. One member representing private colleges and universities within the state, in consultation with the Iowa association of independent colleges and universities.

e. One member representing community colleges, in consultation with the Iowa association of community college trustees.

f. One member representing the economic development authority, in consultation with the director of the economic development authority.

g. One member representing the state department of transportation, in consultation with the director of the department of transportation.

h. One member representing the office of consumer advocate, in consultation with the consumer advocate.

i. One member representing the utilities board, in consultation with the chair of the utilities board.

j. One member representing rural electric cooperatives, in consultation with the Iowa association of electric cooperatives.

k. One member representing municipal utilities, in consultation with the Iowa association of municipal utilities.

l. Two members representing investor-owned utilities, one representing gas utilities, and one representing electric utilities, in consultation with the Iowa utility association.

403.3(2) *Terms.* Members of the board are appointed for staggered terms of four years beginning and ending as provided in Iowa Code section 69.19. A person appointed to fill a vacancy serves only for the unexpired portion of the term. A member is eligible for reappointment. Any vacancy shall be filled by the governor as provided for in Iowa Code section 15.120(2). The terms of board members shall be staggered as determined by the director.

403.3(3) *Quorum and voting requirements.* Seven or more members of the board constitute a quorum, and any board action requires an affirmative vote by a majority of the members present.

403.3(4) *Board officers.* The board shall elect a chairperson and a vice chairperson annually and may elect other officers as necessary.

403.3(5) *Meetings.*

a. Meetings of the board are held at the call of the chairperson or when two members of the board request a meeting. The board generally meets quarterly at the authority's offices or by electronic means. By notice of the regularly published meeting agendas, the board and its committees may hold regular or special meetings at other locations within the state. Meeting agendas are available on the authority's Internet site.

b. Meetings of the board and any committee it may establish are conducted in accordance with the provisions of Iowa Code chapter 21. Any person may attend and observe the proceedings of the board and committee meetings except for those portions of the meetings conducted in closed session pursuant to Iowa Code section 21.5. Persons observing may use cameras or recording devices during the meeting so long as the use of such devices does not interfere with the proceedings. The chairperson may order any person to discontinue the use of such a device if the chairperson believes it is causing an interference with the proceedings. The chairperson may have any person excluded who fails to comply with such an order. The chairperson may also exclude any person generally causing a disruption of the proceedings.

403.3(6) *Committees.* The board may, from time to time, establish advisory committees for purposes of overseeing the center, its programs, and its operations. Such committees include but are not limited to the following:

a. A grant committee, the purpose of which shall be to assist the board in making and administering awards of grants under the center's programs.

(1) The grant committee is an advisory body comprised of voting members of the board who are selected annually by the voting members of the board. The membership and size of the committee as well as the terms of the committee members will be established annually by the board.

(2) The members of the grant committee will elect a chairperson. The chairperson may appoint members of the grant committee to serve on a grant committee subcommittee if necessary. Such a subcommittee is advisory only and may perform such duties as may be assigned by the chairperson.

(3) The duties of the grant committee may include reviewing applications for grant awards, conducting a thorough review of proposed grant applications, making recommendations to the board regarding the size and condition of grant awards, and any other duty assigned by the board in relation to the programs administered by the center.

(4) A majority of the committee members constitutes a quorum of the committee.

(5) Meetings of the grant committee are held at the call of the chairperson.

b. A loan committee, the purpose of which shall be to assist the board in making and administering loan awards under the center's programs, including the alternate energy revolving loan program and energy infrastructure revolving loan program.

(1) The loan committee is an advisory body comprised of voting members of the board who are selected annually by the voting members of the board. The membership and size of the committee as well as the terms of the committee members will be established annually by the board.

(2) The members of the loan committee will elect a chairperson. The chairperson may appoint members of the loan committee to serve on a loan committee subcommittee if necessary. Such a subcommittee is advisory only and may perform such duties as may be assigned by the chairperson.

(3) The duties of the loan committee may include reviewing applications for loans, conducting a thorough review of proposed loan applications, making recommendations to the board regarding the size and condition of loans, and any other duty assigned by the board in relation to the programs administered by the center.

(4) A majority of the committee members constitutes a quorum of the committee.

(5) Meetings of the loan committee are held at the call of the chairperson.

[**ARC 4063C**, IAB 10/10/18, effective 11/14/18; **ARC 5994C**, IAB 10/20/21, effective 9/30/21; **ARC 6492C**, IAB 9/7/22, effective 10/12/22]

These rules are intended to implement Iowa Code section 15.120.

[Filed ARC 4063C (Notice ARC 3842C, IAB 6/20/18), IAB 10/10/18, effective 11/14/18]

[Filed Emergency After Notice ARC 5994C (Notice ARC 5878C, IAB 8/25/21), IAB 10/20/21, effective 9/30/21]

[Filed ARC 6492C (Notice ARC 6383C, IAB 6/29/22), IAB 9/7/22, effective 10/12/22]

CHAPTER 404
IOWA ENERGY CENTER GRANT PROGRAM

Chapter rescission date pursuant to Iowa Code section 17A.7: 7/31/29

261—404.1(15) Definitions.

"Activity" means one or more specific activities, projects or programs associated with Iowa energy center grant funds.

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

"Board" means the governing board of the Iowa energy center established pursuant to Iowa Code section 15.120(2).

"Co-investigator" means a person who shares the responsibility of conducting grant activities with the principal investigator of a project.

"Funding announcement" means a publicly available document that contains the official information for a grant, including the application deadline, goals of the activity, eligibility, reporting, availability of funds and instructions on applying for the grant.

"Iowa energy center" or *"IEC"* means the Iowa energy center established by Iowa Code section 15.120.

"Principal investigator" means a person with the primary responsibility for conducting research.

"Recipient" means an organization that was awarded an Iowa energy center grant.

"Subrecipient" means an organization contracting with and receiving funds from a recipient to carry out IEC grant activities.

[**ARC 8072C**, IAB 6/26/24, effective 7/31/24]

261—404.2(15) Eligibility.

404.2(1) Eligible applicants are identified in Iowa Code section 15.120(3)*"a."*

404.2(2) Any eligible applicant may submit an application that includes one or more subrecipients. The board may limit the amount of an award that a subrecipient can receive.

404.2(3) Any eligible applicant may apply individually or jointly with another eligible applicant or other eligible applicants.

404.2(4) A principal investigator will be allowed to submit one application per funding announcement. An applicant who has submitted an application as the principal investigator for a funding announcement may also be named as a co-investigator on one additional application submitted for the same funding announcement.

404.2(5) Requirements for IEC grant awards include but are not limited to the following:

a. Applicants shall demonstrate a benefit for ratepayers.

b. Applicants shall demonstrate that they are eligible candidates.

c. Applicants shall demonstrate the capacity for grants administration.

d. Applicants who have previously received Iowa energy center awards shall have demonstrated acceptable past performance, including the timely expenditure of funds.

e. Applicants shall demonstrate the feasibility of completing the proposed activities with the funds requested.

f. Applicants shall identify and describe any other sources of funding for the proposed activities.

404.2(6) The following types of projects are ineligible:

a. Relocation of a business.

b. Expansion of a business.

c. Funding for existing training programs.

d. Improvements to existing buildings, including energy efficiency or energy generation projects.

e. Pipeline, transmission line, and distribution line construction.

f. First generation ethanol.

g. Cellulosic ethanol.

[**ARC 8072C**, IAB 6/26/24, effective 7/31/24]

261—404.3(15) Funding and award terms.

404.3(1) For each fiscal year that funds are available, the board will determine the amount of funds available to be awarded as grants in that fiscal year.

404.3(2) If any funds are allocated to a specific grant activity but are not awarded after a funding cycle, the board may reallocate those funds to a different grant activity.

404.3(3) The board may reallocate any recaptured funds to a different grant activity.

404.3(4) The maximum grant award is $1 million per application. The minimum grant award is $10,000 per application.

404.3(5) The initial duration of a grant agreement will be no longer than three years. However, a recipient may apply for a no-cost extension of an agreement. If the approval of a no-cost extension would cause the duration of the grant agreement to exceed five years, the no-cost extension will not be granted.

[**ARC 8072C**, IAB 6/26/24, effective 7/31/24]

261—404.4(15) Project budget.

404.4(1) Only expenditures directly related to the implementation of the funded grant activity will be reimbursed. Vehicle and equipment purchases are eligible only when the purchase is an integral part of the funded grant activity and must be approved by the board at the time the award is made.

404.4(2) Ineligible expenses include but are not limited to:

a. Purchase or rental of buildings.

b. Office equipment.

c. Furniture and fixtures.

d. Intangible assets.

e. International travel.

f. Insurance.

g. Phone expenses.

404.4(3) Other budget requirements include the following:

a. Indirect costs shall not exceed more than 20 percent of a grant award.

b. IEC grant funds shall not be used as cost share to a federal grant award.

c. Vehicle and equipment purchases or other expenses relating to vehicles or equipment are not eligible if the purchase or expense supports the proposed grant activity but is not an integral part of the proposed grant activity. If a vehicle or equipment purchase is an integral part of a grant activity but a recipient fails to obtain board approval prior to the purchase, then the purchase is ineligible.

[**ARC 8072C**, IAB 6/26/24, effective 7/31/24]

261—404.5(15) Application process and review.

404.5(1) The board will issue funding announcements for grant applications at least once per fiscal year, provided funds are available.

404.5(2) Application forms will be available at iowagrants.gov or another website as identified by the authority.

404.5(3) Applications will only be accepted during the established application period, as identified at www.iowaeda.com.

404.5(4) Review criteria may include but are not limited to:

a. The proposed project demonstrates a need for further research, development, training or pilot projects.

b. The proposed project provides a benefit to ratepayers.

c. The application has a well-developed budget that is relevant to the project and that provides documentation of planned project expenses.

d. The application describes a plan for the dissemination of project results or to sustain the project after the grant period ends.

404.5(5) The authority may require applicants to submit a preapplication to determine eligibility and competitiveness for the program.

404.5(6) The authority will review applications for completeness, eligibility, and technical and financial merit. The authority may engage an outside technical review panel to complete technical review

of applications. The authority will prepare recommendations for the grant committee. The grant committee will review staff recommendations, score applications, and make recommendations to the board. Upon review of the recommendations of the grant committee, the board may approve grant awards.
[**ARC 8072C**, IAB 6/26/24, effective 7/31/24]

261—404.6(15) Administration.

404.6(1) *Notice of approval and agreement execution.* The authority will notify successful applicants in writing of an approved request for funding. After notifying the recipient of an award, the authority will prepare an agreement that reflects the terms of the award. The recipient must execute and return the agreement to the authority within 60 days of the transmittal of the final agreement from the authority. Failure to do so may be cause for the board to terminate the award.

404.6(2) *Disbursement of funds.* Recipients shall submit requests for grant funds in the manner prescribed by the authority. Disbursements shall be made on a reimbursement basis. No advance disbursements shall be allowed. Disbursements may be withheld if applicable performance reports have not been received and approved. Individual requests for funds shall be made in an amount equal to or greater than $1,000 per request, except for the final draw of funds.

404.6(3) *Recordkeeping and retention.* Recipients shall retain all financial records, supporting documents and all other records pertinent to the grant for five years after agreement closeout.

404.6(4) *Performance reports and reviews.* Recipients shall submit performance reports to the authority as described in the agreement executed pursuant to subrule 404.6(1). The authority may perform project reviews and site inspections as necessary to ensure program compliance.

404.6(5) *Agreement amendments.*

a. Any substantive change to a funded IEC project, including time extensions, budget revisions, and alterations to proposed activities, will be considered an agreement amendment. The recipient shall request an amendment in writing. No amendment shall be valid until approved by the board, except as provided in paragraph 404.6(7)*"b"* and confirmed in writing by the authority.

b. Staff approvals.

(1) Staff may approve one no-cost extension provided that the extension complies with subrule 404.3(5). Additional no-cost extensions shall be presented to the board for approval.

(2) Budget modifications. Any substantial modification of a project budget shall require board approval. Staff may approve budget modifications that are not substantial. For purposes of this subparagraph, "substantial modification" means a budget modification of either $10,000 or 10 percent of the total grant award, whichever is less.

404.6(6) *Agreement closeout.* Upon agreement expiration or project completion, the authority will initiate project closeout procedures.

404.6(7) *Compliance with state and local laws and rules.* Recipients shall comply with these rules, with any applicable provisions of the Iowa Code, and with any applicable local rules.

404.6(8) *Noncompliance.* At any time during a project, the IEC may, for cause, find that a recipient is not in compliance with the requirements of this program. At the board's discretion, remedies may include penalties up to and including the return of grant funds to the IEC. Findings of noncompliance may include the use of Iowa energy center funds for activities not described in the application; failure to complete approved activities in a timely manner; failure to comply with any applicable state or federal rules, regulations, or laws; or the lack of a continuing capacity of the recipient to carry out the approved project in a timely manner.
[**ARC 8072C**, IAB 6/26/24, effective 7/31/24]

These rules are intended to implement Iowa Code section 15.120.

[Filed ARC 4262C (Notice ARC 4149C, IAB 12/5/18), IAB 1/30/19, effective 3/6/19]
[Filed ARC 8072C (Notice ARC 7746C, IAB 4/3/24), IAB 6/26/24, effective 7/31/24]

CHAPTER 405
ALTERNATE ENERGY REVOLVING LOAN PROGRAM

Chapter rescission date pursuant to Iowa Code section 17A.7: 1/1/28

261—405.1(15) Definitions.

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

"Board" means the governing board of the Iowa energy center established pursuant to Iowa Code section 15.120(2).

"Iowa energy center" or *"IEC"* means the Iowa energy center created within the economic development authority pursuant to Iowa Code section 15.120.

"Project" means an alternate energy production facility as defined in Iowa Code section 476.42 or a small hydro facility as defined in Iowa Code section 476.42.

[**ARC 4263C**, IAB 1/30/19, effective 3/6/19]

261—405.2(15) Loan amounts and terms.

405.2(1) The minimum loan amount is $25,000 per project.

405.2(2) The board shall not lend more than 50 percent of eligible project costs as defined in rule 261—405.5(15).

405.2(3) A project shall be eligible for not more than $1 million in loans outstanding at any time under this program.

405.2(4) A borrower shall be eligible for not more than $1 million in loans outstanding at any time under this program.

405.2(5) The board shall not issue a loan that exceeds the value of the collateral provided.

405.2(6) Security for loans. The board will accept security for a loan. The following forms of collateral will be accepted:

a. Real property;

b. Dedicated certificate of deposit;

c. Irrevocable letter of credit;

d. Corporate guarantee;

e. Other forms of collateral if approved by the board, and only if the forms of collateral listed in paragraphs 405.2(6)*"a"* to *"d"* are inadequate.

405.2(7) Term. The duration of the loan shall be for 20 years, the estimated useful life of the project that is financed by the loan, the terms of any other loans used to finance the project, or the estimated return on investment for the project, whichever is shortest.

[**ARC 4263C**, IAB 1/30/19, effective 3/6/19]

261—405.3(15) Borrowers.

405.3(1) *Eligible borrowers.* The project shall be wholly owned by the borrower. Eligible borrowers include:

a. Persons whose primary residence is in Iowa.

b. Businesses registered and domiciled in Iowa. For businesses organized as limited liability companies, each member of the limited liability company must be domiciled in Iowa and be an eligible borrower.

c. Water and wastewater utilities subject to Iowa Code chapter 388, rural water districts subject to Iowa Code chapters 357A and 504, and sanitary districts subject to Iowa Code chapter 358.

405.3(2) *Ineligible borrowers.* Ineligible borrowers include:

a. An organization that is lending to a project and also owns the project or is a member of an organization that owns the project.

b. An individual or an organization with a history of defaulted loans or compliance violations with other state programs or rules.

c. Regents institutions.

d. Community colleges.

e. State agencies.

f. Cities, but not water or wastewater utilities subject to Iowa Code chapter 388.

g. Counties.

h. School districts.

i. Nonprofit organizations.

j. Gas and electric utilities subject to Iowa Code chapter 388 or rural electric cooperatives subject to Iowa Code chapter 476.

[**ARC 4263C**, IAB 1/30/19, effective 3/6/19]

261—405.4(15) Eligible projects. A proposed project must meet the following criteria to be eligible for a loan under this program:

405.4(1) The project shall be located in Iowa.

405.4(2) The project shall be an alternate energy production facility as defined in Iowa Code section 476.42 or a small hydro facility as defined in Iowa Code section 476.42.

405.4(3) The project shall be wholly owned by the borrower.

405.4(4) The borrower shall be the owner, contract purchaser or lessee of the real property where the project is located.

[**ARC 4263C**, IAB 1/30/19, effective 3/6/19]

261—405.5(15) Eligible and ineligible costs.

405.5(1) *Eligible costs.* Examples of eligible costs include:

a. Real and personal property comprising a project;

b. Materials and equipment required for necessary site preparation, construction and installation of a project;

c. Labor for site preparation, construction and installation of a project. Only labor that is performed by a third party such as an independent contractor will be considered an eligible cost.

405.5(2) *Ineligible costs.* Examples of ineligible costs include:

a. Feasibility studies;

b. Permits;

c. Administrative costs not associated with site preparation, construction and installation of a project;

d. Costs incurred prior to the board's approval of a loan;

e. Interconnection costs;

f. Costs associated with maintenance, operation or repair of a project; and

g. Other costs that the board determines to be ineligible.

[**ARC 4263C**, IAB 1/30/19, effective 3/6/19]

261—405.6(15) Application process. Rescinded **ARC 5994C**, IAB 10/20/21, effective 9/30/21.

261—405.7(15) Administration.

405.7(1) *Notice of approval.* The authority will notify successful applicants in writing of an approved request for funding. Such a notification may include the terms or conditions under which approval is granted.

405.7(2) *Contract.* After notifying the borrower of an award, the authority will offer a contract to the borrower. The contract shall be between the Iowa energy center and the borrower. An award shall not constitute a binding contract.

405.7(3) *Transmittal.* The borrower must execute and return the contract to the authority within 45 days of the transmittal of the final contract from the authority. Failure to do so may be cause for the board to terminate the award.

405.7(4) *Disbursement of funds.* Borrowers shall submit requests for disbursement of funds on the forms provided by the authority.

405.7(5) *Amendment.* Any substantive change to a project shall require an amendment to the contract. A substantive change to a project includes but is not limited to a change in the loan amount, loan term, or scope of work. The borrower shall request the amendment 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.

405.7(6) *Closeout.* Upon contract expiration or project completion, the authority shall initiate project closeout procedures.

405.7(7) *Record keeping and retention.* Borrowers shall retain all financial records, supporting documents and all other records pertinent to the loan for three years after the contract is closed or the loan is put in default and is not cured.

405.7(8) *Reporting and compliance.* A start-up report is due to the authority within 30 days of the date that the project is placed in service. The report shall include but is not limited to documentation of installed costs of the project, one or more photographs, a sample invoice, and a description of any unexpected problems encountered during construction or installation of the project. The authority reserves the right to conduct a site visit of all awarded projects to ensure the projects were built as proposed and to provide verification of ongoing operation. The authority will monitor all loans to ensure that loan proceeds have been spent as identified in the contract and that all other sources of financing have been committed to the project. Borrowers shall be required to notify the authority of any change in ownership. Any loan made pursuant to this program shall become due for payment upon sale of the project for which the loan was made.

405.7(9) *Default.*

a. At any time during the construction of a project or the repayment of the loan, the authority may find that a borrower is in default under the terms of the loan contract. The authority will take prompt, appropriate, and aggressive debt collection action to recover any funds misspent by borrowers.

b. If the authority determines that a borrower is in default, the authority may seek recovery of the loan plus interest or other penalties as authorized pursuant to Iowa Code section 476.46, negotiate alternative payment schedules, suspend or discontinue collection efforts and take other action as the authority deems necessary.

c. The authority shall attempt to collect the amount owed. Any negotiated settlement, write-off, or discontinuance of collection efforts is subject to final review by and approval of the board.

d. If the authority refers a defaulted contract to outside counsel for debt collection, then the terms of the contract between the authority and the outside counsel regarding the scope of counsel's authorization to accept settlements shall apply.

[**ARC 4263C**, IAB 1/30/19, effective 3/6/19]

261—405.8(15) Applicability after June 30, 2021.

405.8(1) Pursuant to 2021 Iowa Acts, Senate File 619, the authority shall not initiate any new loans under the alternate energy revolving loan program after June 30, 2021.

405.8(2) To the extent allowed by other provisions of law, the rules adopted in this chapter shall continue to apply to agreements entered into on or before June 30, 2021.

[**ARC 5994C**, IAB 10/20/21, effective 9/30/21]

These rules are intended to implement Iowa Code sections 15.120 and 476.46.

[Filed ARC 4263C (Notice ARC 4148C, IAB 12/5/18), IAB 1/30/19, effective 3/6/19]

[Filed Emergency After Notice ARC 5994C (Notice ARC 5878C, IAB 8/25/21), IAB 10/20/21, effective 9/30/21]

CHAPTER 406
ENERGY INFRASTRUCTURE REVOLVING LOAN PROGRAM

Chapter rescission date pursuant to Iowa Code section 17A.7: 1/1/28

261—406.1(15,476) Definitions.

"Affiliates" means any entity which directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with another entity or person. "Control" as used in this definition means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an enterprise through ownership, by contract or otherwise. A voting interest of 10 percent or more creates a rebuttable presumption of control.

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

"Board" means the governing board of the Iowa energy center established pursuant to Iowa Code section 15.120(2).

"Borrower" means an applicant for the program that is approved for a loan or forgivable loan.

"Energy infrastructure" means the same as defined in Iowa Code section 476.46A(3)*"a"* as enacted by 2021 Iowa Acts, Senate File 619, section 33.

"Iowa energy center" or *"IEC"* means the Iowa energy center created within the economic development authority pursuant to Iowa Code section 15.120.

"Loan" means an award of assistance with the requirement that the award be repaid with term, interest rate, and other conditions specified as part of the conditions of the award.

"Loan committee" means the committee of the board established to review loan applications pursuant to 261—paragraph 403.3(6)*"b."*

"Program" means the energy infrastructure revolving loan program administered pursuant to Iowa Code section 476.46A as enacted by 2021 Iowa Acts, Senate File 619, section 33, and this chapter.

"Project" means an activity or set of activities directly related to energy infrastructure, and proposed in an application by a borrower, that will result in the accomplishment of the goals of the program.

[**ARC 5994C**, IAB 10/20/21, effective 9/30/21]

261—406.2(15,476) Policies and procedures handbook. The authority will prepare a policies and procedures handbook for the program for approval by the board. The board will review the policies and procedures handbook at least once annually and will establish its priorities for program funds. The policies and procedures shall include the amount of program funds to be allocated for each application cycle, scoring criteria to be used if the demand for loans exceeds the amount allocated for any application cycle, and the applicable interest rate or rates for approved loans. The policies and procedures handbook may include additional limitations and expectations for specific eligible project types.

[**ARC 5994C**, IAB 10/20/21, effective 9/30/21]

261—406.3(15,476) Loan amounts and terms.

406.3(1) The minimum loan amount is $50,000 per project.

406.3(2) The board shall not lend more than 75 percent of total project costs for any project type. For purposes of determining the amount the board may lend pursuant to this subrule, total project costs include eligible costs pursuant to subrule 406.6(1) as well as feasibility studies, engineering and final design, permitting and regulatory costs, or other costs determined by the board to be necessary to the development of energy infrastructure. The board may determine a higher percentage of funds that must be matched by the borrower that is applicable to specific project types as outlined in the policies and procedures approved pursuant to rule 261—406.2(15,476).

406.3(3) The board shall not issue a loan that exceeds the value of the collateral provided.

406.3(4) The board will accept security for a loan. The following forms of collateral will be accepted:

a. Real property.

b. Dedicated certificate of deposit.

c. Irrevocable letter of credit.

d. Corporate guarantee.

e. Utility revenue or reserve funds, if applicable.

f. Other forms of collateral if approved by the board, and only if the forms of collateral listed in paragraphs 406.3(4)*"a"* to *"e"* are inadequate.

406.3(5) The board may consider the borrower's credit rating in determining what form of collateral is acceptable.

406.3(6) The duration of the loan shall not be more than 15 years. If applicable, the board may consider the projected payback date of the project in determining the duration of the loan.

406.3(7) The interest rate shall not exceed the Wall Street Journal prime rate as of the date of approval.

[**ARC 5994C**, IAB 10/20/21, effective 9/30/21]

261—406.4(15,476) Eligible and ineligible borrowers.

406.4(1) *Eligible borrowers.* Eligible borrowers include:

a. Businesses incorporated or organized in Iowa or authorized to do business in Iowa, including businesses operated as sole proprietorships with a registered trade name;

b. Rural electric cooperatives; and

c. Municipal utilities.

406.4(2) *Ineligible borrowers.* Ineligible borrowers include:

a. A business that is not located in or operating in Iowa. A business that will be located and operating in Iowa upon completion of an eligible project may be eligible.

b. An individual or an organization with a history of defaulted loans or compliance violations with other state programs or rules.

c. Regents institutions.

d. Community colleges.

e. State agencies.

f. Cities, except municipal utilities that are eligible borrowers pursuant to paragraph 406.4(1)*"c."*

g. Counties.

h. School districts.

i. Nonprofit organizations.

[**ARC 5994C**, IAB 10/20/21, effective 9/30/21]

261—406.5(15,476) Eligible and ineligible projects.

406.5(1) A proposed project must meet the following criteria to be eligible for a loan under this program:

a. The project shall be located in Iowa or be for the primary use or benefit of Iowans. If any portion of the project is located outside of Iowa, the applicant bears the burden of demonstrating that the project as a whole will be for the primary use or benefit of Iowans.

b. The project shall develop energy infrastructure as defined in Iowa Code section 476.46A(3)*"a"* as enacted by 2021 Iowa Acts, Senate File 619, section 33.

c. The borrower shall be the owner, contract purchaser, lessee, or other interest holder of the real property where the project is located.

406.5(2) A project that generates energy for use only at a borrower's personal residence is not an eligible project.

[**ARC 5994C**, IAB 10/20/21, effective 9/30/21]

261—406.6(15,476) Eligible and ineligible costs.

406.6(1) *Eligible costs.* Examples of project costs that are eligible for financial assistance include, but are not limited to:

a. Real and personal property comprising a project.

b. Materials and equipment required for necessary site preparation, construction and installation of a project.

c. Labor for site preparation, construction and installation of a project.

d. Costs associated with maintenance, operation or repair of a project during the term of the loan.

406.6(2) *Ineligible costs.* Examples of project costs that are not eligible for financial assistance include, but are not limited to:

a. Administrative costs or employee salaries of the borrower or any affiliates that are not associated with site preparation, construction and installation of a project.

b. Costs incurred prior to the committee's recommendation to approve a loan. Costs incurred prior to the committee's recommendation may be eligible for assistance if the borrower demonstrates the necessity to begin incurring costs sooner.

c. Feasibility studies.

d. Engineering and final design.

e. Permitting or regulatory costs.

f. Other costs that the board determines to be ineligible.

[**ARC 5994C**, IAB 10/20/21, effective 9/30/21]

261—406.7(15,476) Application process.

406.7(1) Application forms shall be available at iowagrants.gov.

406.7(2) Applications will be accepted only during the established application periods identified by the authority on its Internet site at www.iowaeda.com.

406.7(3) Authority staff will review applications for completeness, eligibility, and whether the proposed project meets the financial and technical requirements of the Iowa energy center. The authority or board may engage outside reviewers to complete technical, financial, or other reviews of applications beyond the expertise of the board and authority staff.

406.7(4) Authority staff will recommend applications to the loan committee established by the board. The Iowa energy center may request additional information from applicants to process each loan application. The loan committee will review the applications and staff recommendations and then make recommendations to the board. The board will approve, defer, or deny applications for loans. Authority staff may negotiate the amount, terms, and other conditions of each loan before an award is approved.

406.7(5) The board will accept loan applications on a rolling basis. The board will make funding decisions at least once each quarter.

[**ARC 5994C**, IAB 10/20/21, effective 9/30/21]

261—406.8(15,476) Administration.

406.8(1) *Notice of approval or denial.* The authority will notify applicants in writing of the board's approval or denial of an application. If the application is approved, the notice will include any conditions and terms of the loan.

406.8(2) *Contract.* After notifying the borrower of an award, the authority will offer a contract to the borrower. The contract shall be between the Iowa energy center and the borrower. An award shall not constitute a binding contract.

406.8(3) *Transmittal.* The borrower must execute and return the contract to the authority within 90 days of the transmittal of the final contract from the authority. Failure to do so may be cause for the board to terminate the award.

406.8(4) *Disbursement of funds.* Borrowers shall submit requests for disbursement of funds on the forms provided by the authority.

406.8(5) *Amendment.* Any substantive change to the scope of work for a project or request to renegotiate loan terms shall require an amendment to the contract. The board may consider requests for loan forgiveness if the borrower demonstrates forgiveness is necessary to avoid a negative material impact on the project or potential default. The borrower shall request amendments in writing. No amendment shall be valid until approved by the board. The authority may execute nonsubstantive or ministerial changes to the contract without board approval.

406.8(6) *Closeout.* Upon contract expiration or project completion, the authority shall initiate project closeout procedures.

406.8(7) *Record keeping and retention.* Borrowers shall retain all financial records, supporting documents and all other records pertinent to the loan for three years after the contract is closed or the loan is put in default and is not cured.

406.8(8) *Reporting and compliance.* The borrower shall complete all reports required by the contract executed pursuant to subrule 406.8(2). The authority reserves the right to conduct site visits of all awarded projects to ensure the projects were built as proposed and to provide verification of ongoing operation. The authority will monitor all loans to ensure that loan proceeds have been spent as identified in the contract and that all other sources of financing have been committed to the project.

406.8(9) *Default.*

a. At any time during the project or the repayment of the loan, the authority may find that a borrower is in default under the terms of the loan contract. The authority will take prompt, appropriate, and aggressive debt collection action to recover any funds misspent by borrowers.

b. If the authority determines that a borrower is in default, the authority may seek recovery of the loan plus interest or other penalties, negotiate alternative payment schedules, suspend or discontinue collection efforts and take other action as the authority deems necessary.

c. The authority shall attempt to collect the amount owed. Any negotiated settlement, write-off, or discontinuance of collection efforts is subject to final review by and approval of the board.

d. If the authority refers a defaulted contract to outside counsel for debt collection, then the terms of the contract between the authority and the outside counsel regarding the scope of counsel's authorization to accept settlements shall apply.

[**ARC 5994C**, IAB 10/20/21, effective 9/30/21]

These rules are intended to implement Iowa Code section 15.120 and section 476.46A as enacted by 2021 Iowa Acts, Senate File 619.

[Filed Emergency After Notice ARC 5994C (Notice ARC 5878C, IAB 8/25/21), IAB 10/20/21, effective 9/30/21]

CHAPTERS 407 to 409
Reserved

Part XIII
HISTORIC PRESERVATION

CHAPTER 410
BOARD STRUCTURE AND PROCEDURES
Rescinded **ARC 1573C**, IAB 8/20/14, effective 9/24/14
[Editorial change: IAC Supplement 1/11/23]
[Editorial change: IAC Supplement 2/7/24]

CHAPTER 411
INVESTMENT TAX CREDIT PROGRAM

[Prior to 2/7/24, see Historical Division[223] Ch 37]

Chapter rescission date pursuant to Iowa Code section 17A.7: 1/1/28

261—411.1(303) Purpose. Property owners desiring federal income tax benefits for rehabilitation of historic buildings may apply for certification to the Secretary of the Interior through the state historic preservation officer of the state in which the property is located.

Applications are reviewed and commented on by the state historic preservation officer, and recommendations are made to the Secretary of the Interior for final approval. Upon completion, the work is certified by the Secretary of the Interior for the taxpayer to receive benefits under rules established by the Department of the Treasury, and the Internal Revenue Service. Historical properties may also be qualified for federal income and estate tax deductions for charitable contributions of partial interests in real property.

[Editorial change: IAC Supplement 2/7/24]

261—411.2(303) Regulations. The Investment Tax Credit Program shall operate in accordance with the National Historic Preservation Act of 1966; Tax Reform Act of 1986, Public Law 99-514, Sections 48(g) and 170(h); 36 CFR Part 60, the National Register of Historic Places, November 16, 1981, and October 2, 1983; 36 CFR Part 67, Historic Preservation Certifications Pursuant to the Tax Reform Act of 1976 and the Economic Recovery Tax Act of 1981, March 12, 1984; and 26 CFR Parts 1 and 602, Investment Tax Credit for Qualified Rehabilitation Expenditures, October 11, 1988; and 26 CFR Parts 20 and 25, Charitable Contribution for Conservation purposes in accordance with the Tax Treatment Extension Act of 1980. Additional interpretive information may also be found in Historic Preservation Tax Incentives, Certification of Rehabilitation Workbook, Department of the Interior, National Park Service; National Register Programs Guidelines, NPS-49; Preservation Briefs Series; National Register Bulletins; and Secretary of the Interior's Standards and Guidelines for Archaeology and Historic Preservation, Notice published by the Department of the Interior, National Park Service, Federal Register, Vol. 48, No. 190, Thursday, September 29, 1983.

[Editorial change: IAC Supplement 2/7/24]

261—411.3(303) Eligibility. A taxpayer, who is a fee simple owner or with the written approval of the owner and who elects to rehabilitate a certified historic structure, may apply for tax benefits as a result of the certified historic rehabilitation.

[Editorial change: IAC Supplement 2/7/24]

261—411.4(303) Certification of historic structures.

411.4(1) Buildings listed individually on the National Register of Historic Places are by definition certified historic structures.

411.4(2) Applications for certification of a particular building located within a registered historic district shall request a certification of significance using Part 1 of the Historic Preservation Certification Application (NPS Form 10-168, Part 1).

411.4(3) Applications for properties which are not individually listed or are within potential historic districts, or outside the period or area of significance of registered historic districts may request preliminary determinations as certified historic structures when and if nominated and listed. These applications shall be made using Part 1 of the Historic Preservation Certification Applications (NPS Form No. 10-168, Part 1).

411.4(4) The taxpayer shall also complete a rehabilitation description (NPS Form 10-168A, Part 2). Part 2 shall include a written description of the proposed rehabilitation and photographic materials adequate to document conditions inside and outside the building and the site prior to the rehabilitation. Additional documentation, such as window condition surveys or cleaning specifications, may be required for some projects.

411.4(5) Certification forms shall be provided by the National Park Service or the authority. Certification review is normally 30 days maximum at the state and 30 days maximum at the federal level. Inquiries may be directed to Iowa Economic Development Authority, 1963 Bell Avenue, Suite 200, Des Moines, Iowa 50315, 515.348.6200.

[Editorial change: IAC Supplement 2/7/24]

261—411.5(303) Review and evaluation.

411.5(1) All elements of a rehabilitation project such as interior and exterior of the building(s) site and environment as determined by the Secretary of the Interior, and all phases of demolition, construction, and rehabilitation shall meet the Secretary of the Interior's Standards for Rehabilitation. Portions of the project not in conformance shall not be exempted.

411.5(2) The staff shall review the application and materials, request additional materials or clarification, if needed, and provide a recommendation to the state historic preservation officer within 30 days of receipt of all materials from the applicant. The state historic preservation officer shall submit the state's recommendation to the National Park Service in a timely fashion.

411.5(3) Review by the National Park Service requires an initial plan review fee. Reviews by the National Park Service are generally completed within 30 days. All approvals of applications and amendments are conveyed only in writing by the duly authorized officials of the National Park Service. Owners who undertake rehabilitation projects without prior approval from the Secretary of the Interior do so at their own risk.

411.5(4) Decisions with respect to certification shall be made on the basis of the application form. If a discrepancy exists between the application form and other submitted material, the application form shall take precedence.

[Editorial change: IAC Supplement 2/7/24]

261—411.6(303) Certification of completion of work.

411.6(1) Upon receipt of an application requesting certification of completed work, the staff shall review the application and accompanying photographic documentation for conformance with the Secretary of the Interior's Standards for Rehabilitation, Guidelines for Rehabilitation of Historic Buildings, 36 CFR Part 67, March 12, 1984. The state historic preservation officer shall provide recommendations to the National Park Service for their decision.

411.6(2) Applicants shall receive notification of project status from the National Park Service. If the National Park Service finds that a project does not meet the Standards, the Secretary notifies the owner in writing, and if possible, advises the owner of necessary revisions to meet the Standards.

In the case of a denial of significance of the proposed rehabilitation project or the completed work, the owner may appeal in writing to the Chief Appeals Officer, Cultural Resources, National Park Service, U.S. Department of the Interior, P.O. Box 37127, Washington, D.C. 20013-7127. Appeals shall be filed within 30 days of receipt of the decision which is subject to appeal.

411.6(3) Completed, approved projects shall be subject to recapture of tax credits during the following five-year period, due to sale (on a pro rata basis) or further unapproved alterations inconsistent with the Secretary of the Interior's Standards.

411.6(4) Any previous approval by federal, state or local agencies and organizations shall not ensure certification by the Secretary for tax purposes. Any certifications made by the Secretary of the Interior shall not be considered binding upon the Internal Revenue Service or the Secretary of the Treasury with respect to the tax consequences under the Internal Revenue Code. Nor does the certification of significance for tax benefits substitute for or bind the National Register of Historic Places nomination and listing process.

[Editorial change: IAC Supplement 2/7/24]

These rules are intended to implement Iowa Code section 15.121.

[Filed without Notice 5/12/89—published 5/31/89, effective 7/5/89]
[Filed emergency 12/2/93—published 12/22/93, effective 12/2/93]
[Filed 1/27/94, Notice 12/22/93—published 2/16/94, effective 3/23/94]
[Editorial change: IAC Supplement 2/7/24]

CHAPTER 412
NATIONAL REGISTER OF HISTORIC PLACES

[Prior to 5/31/89, see Historical Department [490] Ch 17]
[Prior to 2/7/24, see Historical Division[223] Ch 38]

Chapter rescission date pursuant to Iowa Code section 17A.7: 1/1/28

261—412.1(303) Purpose. The National Register of Historic Places is a listing of the nation's cultural resources worthy of preservation. National Register listing serves as a basic standard for providing historic preservation program support.
[Editorial change: IAC Supplement 2/7/24]

261—412.2(303) Regulations. The National Register of Historic Places Program shall operate in accordance with National Register of Historic Places, 36 CFR 60, November 16, 1981, and October 2, 1983; Determination of Eligibility for Inclusion in the National Register of Historic Places, 36 CFR 63, September 21, 1977; and Historic Preservation Certification, 36 CFR Part 67, March 12, 1984.
[Editorial change: IAC Supplement 2/7/24]

261—412.3(303) Nomination procedure.

412.3(1) Individuals wishing to nominate a cultural resource to the National Register of Historic Places may contact the National Register Coordinator, Iowa Economic Development Authority, 1963 Bell Avenue, Suite 200, Des Moines, Iowa 50315, 515.348.6200 to secure a preliminary nomination packet.

412.3(2) Preliminary nominations shall be returned to the national register coordinator for evaluation. Within 30 days the staff shall evaluate the preliminary nomination and advise the applicant of the need for additional information, that the cultural resource is not eligible, or that the application may proceed. If the cultural resource is believed to be eligible, a final nomination packet shall be forwarded to the applicant.
[Editorial change: IAC Supplement 2/7/24]

261—412.4(303) Review of nominations.

412.4(1) Completed final nominations shall be reviewed by the staff prior to submission to the Iowa state nominations review committee for approval.

412.4(2) Property owners shall be notified of pending review of a potential nomination by the Iowa state nominations review committee. Property owners objecting to consideration may notify the national register coordinator to terminate nomination. Inquiries and objections may be directed to the National Register Coordinator, Iowa Economic Development Authority, 1963 Bell Avenue, Suite 200, Des Moines, Iowa 50315, 515.348.6200.

412.4(3) The Iowa state national register review committee shall review and recommend action to the state historic preservation officer or designee.

412.4(4) Nominations signed by the state historic preservation officer shall be forwarded to the National Park Service for consideration. The National Park Service has a 45-day response period, which includes a 15-day period for public comment. The National Park Service may take three actions—listing of the resource on the National Register of Historic Places; return of the nomination for further preparation; or rejection of nomination. Appeals of National Park Service decision may be directed to the National Park Service, Department of the Interior, National Register Office, Box 37127, Washington, D.C. 20013-7127.

412.4(5) Owners and all interested parties shall be notified by the state historic preservation officer of the formal listing. A commemorative certificate shall be forwarded to the property owner.
[Editorial change: IAC Supplement 2/7/24]

261—412.5(303) Delisting of properties. Alterations to a property may result in delisting of a property. Delisting of a property is automatic if the property is completely demolished. Initiative to delist is the responsibility of the national register coordinator. Inquiries may be directed to the National Register Coordinator, Iowa Economic Development Authority, 1963 Bell Avenue, Suite 200, Des Moines, Iowa 50315, 515.348.6200.
[Editorial change: IAC Supplement 2/7/24]

These rules are intended to implement Iowa Code section 15.121.

[Filed 4/13/78, Notice 3/8/78—published 5/3/78, effective 6/12/78]
[Filed without Notice 5/12/89—published 5/31/89, effective 7/5/89]
[Filed emergency 12/2/93—published 12/22/93, effective 12/2/93]
[Filed 1/27/94, Notice 12/22/93—published 2/16/94, effective 3/23/94]
[Editorial change: IAC Supplement 2/7/24]

CHAPTER 413
PRESERVATION PARTNERSHIP PROGRAM

[Prior to 2/7/24, see Historical Division[223] Ch 40]

Chapter rescission date pursuant to Iowa Code section 17A.7: 1/1/28

261—413.1(303) Purpose. The Preservation Partnership Program provides preservation education and technical assistance for a one-year period to a competitively selected multicounty area which has not been the subject of a cultural resources survey and does not participate in the Certified Local Government Program.

[Editorial change: IAC Supplement 2/7/24]

261—413.2(303) Regulations. The Preservation Partnership Program is designed to meet the priorities of the state historic preservation office annual workplan. The contracts shall be competitively bid.

[Editorial change: IAC Supplement 2/7/24]

261—413.3(303) Application procedure and selection.

413.3(1) Selection criteria. The criteria considered in the selection of a preservation partner are:

a. The breadth of organizations represented in the application for the purpose of maximizing nontraditional audiences and economic development;

b. Amount of match available;

c. An identified cultural resource that merits preservation and which is central to the region;

d. Identification of a range of potential projects; and

e. Relationship to the planning priorities of the program.

413.3(2) Applications shall be filed prior to April 15.

413.3(3) Selection shall be made by the staff with final approval by the state historic preservation officer.

413.3(4) Inquiries concerning the program may be directed to the State Historic Preservation Officer, Iowa Economic Development Authority, 1963 Bell Avenue, Suite 200, Des Moines, Iowa 50315, 515.348.6200.

[Editorial change: IAC Supplement 2/7/24]

These rules are intended to implement Iowa Code section 15.121.

[Filed without Notice 5/12/89—published 5/31/89, effective 7/5/89]
[Filed emergency 12/2/93—published 12/22/93, effective 12/2/93]
[Filed 1/27/94, Notice 12/22/93—published 2/16/94, effective 3/23/94]
[Editorial change: IAC Supplement 2/7/24]

CHAPTER 414
REVIEW AND COMPLIANCE PROGRAM

[Prior to 2/7/24, see Historical Division[223] Ch 42]

Chapter rescission date pursuant to Iowa Code section 17A.7: 1/1/28

261—414.1(303) Purpose. The review and compliance program implements state historic preservation program activities to advise and assist public (federal, state, and local government) agencies in carrying out their historic preservation responsibilities broadly described and established under the National Historic Preservation Act, particularly Sections 106 and 110, as well as other state and federal historic preservation laws and regulations.

[**ARC 0268C**, IAB 8/8/12, effective 9/12/12; Editorial change: IAC Supplement 2/7/24]

261—414.2(303) Federal regulations and requirements. The Iowa review and compliance program shall operate in accordance with the following requirements:

414.2(1) The National Historic Preservation Act (16 U.S.C. 470 et seq.).

414.2(2) Title 36 of the Code of Federal Regulations Part 60 (36 CFR 60).

414.2(3) Title 36 of the Code of Federal Regulations Part 61 (36 CFR 61).

414.2(4) Title 36 of the Code of Federal Regulations Part 63 (36 CFR 63).

414.2(5) Title 36 of the Code of Federal Regulations Part 800 (36 CFR 800).

414.2(6) Contract requirements outlined in the state of Iowa's Historic Preservation Fund grant agreement with the National Park Service, including requirements described in the Historic Preservation Fund Grants Manual, special conditions attached to the grant agreement, and any other National Park Service requirement considered a condition of receiving the annual federal grant.

414.2(7) Nationwide Programmatic Agreements and other federal program alternatives executed or issued by the Advisory Council on Historic Preservation under 36 CFR §800.14, as applicable.

414.2(8) State-level programmatic agreements and memoranda of agreements executed under 36 CFR §§800.6 and 800.14.

414.2(9) Easements and covenants granted pursuant to the implementation of state historic preservation program activities.

414.2(10) Iowa Code chapter 15.

[**ARC 0268C**, IAB 8/8/12, effective 9/12/12; Editorial change: IAC Supplement 2/7/24]

261—414.3(303) Professional qualifications. In keeping with federal Historic Preservation Fund grant requirements, the authority shall employ a professionally qualified staff that meets the requirements set forth in 36 CFR §61.4(e).

[**ARC 0268C**, IAB 8/8/12, effective 9/12/12; Editorial change: IAC Supplement 2/7/24]

261—414.4(303) Definitions. Unless the context requires otherwise, the definitions provided in the National Historic Preservation Act and its implementing regulations at 36 CFR Part 60, 36 CFR Part 61, and 36 CFR Part 800 shall apply to terms as they are used through this chapter. In addition, the following definitions apply:

"Act" means the National Historic Preservation Act (16 U.S.C. §470 et seq.).

"Agency" means federal agency.

"Agreement" means any agreement executed in accordance with the regulations implementing Section 106 at 36 CFR Part 800 and any agreement authorized by Iowa Code section 28E.4.

"Area of potential effects" or *"APE"* means the geographic area or areas within which an undertaking may directly or indirectly cause alterations in the character or use of historic properties, if any such properties exist. The area of potential effects is influenced by the scale and nature of an undertaking and may be different for different kinds of effects caused by the undertaking (36 CFR §800.16(d)).

"Historic property" means "historic property" as defined in Section 301(5) of the National Historic Preservation Act as amended through December 22, 2006 (16 U.S.C. §470w(5)).

"Recommendations and decisions" means the actions taken by the SHPO to advise and assist federal agencies in carrying out their Section 106 responsibilities.

"Undertaking" means, as defined in Section 301 of the National Historic Preservation Act, a project, activity, or program funded in whole or in part under the direct or indirect jurisdiction of a federal agency, including (1) those carried out by or on behalf of the federal agency; (2) those carried out with federal financial assistance; (3) those requiring a federal permit, license or approval; and (4) those subject to state or local regulation administered pursuant to a delegation or approval by a federal agency.

[**ARC 0268C**, IAB 8/8/12, effective 9/12/12; Editorial change: IAC Supplement 2/7/24]

261—414.5(303) Procedures.

414.5(1) *Technical assistance.* The state historic preservation office (SHPO) shall advise and assist federal agencies in carrying out their responsibilities under the Act (and other federal historic preservation laws) and shall cooperate with federal agencies, state agencies, local governments, or their applicants; organizations; and individuals to ensure historic properties are taken into consideration at all levels of planning and development.

414.5(2) *SHPO review of federal undertakings.*

a. In accordance with applicable federal and state laws and regulations, agency officials and agency program applicants or recipients requesting the views of the SHPO on an undertaking shall submit documentation regarding the undertaking and potential effects to historic properties.

b. The SHPO shall make available forms intended to assist agency officials and agency program applicants and recipients in organizing information and to allow the review and compliance program staff and other consulting parties to render informed advice on an undertaking. Forms will be made available on the authority website. Submittals shall be directed to Review and Compliance Coordinator, Iowa Economic Development Authority, Des Moines, Iowa 50315.

c. The SHPO shall respond to initial determinations submitted by an applicant or groups of applicants authorized to initiate consultation by the agency pursuant to 36 CFR §800.2(c)(4) or to a final agency determination of eligibility.

d. The SHPO shall apply the National Register Criteria for Evaluation when opining on determinations of National Register eligibility.

e. With respect to the determination of whether a property is eligible for listing, in the event that the SHPO and the agency official do not agree as to the determination of eligibility, the SHPO shall include an explanation of its opinion which shall be based on the National Register criteria and relevant National Park Service guidelines for evaluation of historic properties.

f. The SHPO may respond to agency determinations and findings of effect.

g. A SHPO nonconcurrence with an agency finding of effect shall include an explanation based upon the Advisory Council's criteria of adverse effect in accordance with 36 CFR §800.5(a).

h. If the SHPO elects to consult, the SHPO shall respond within 30 calendar days of receipt of an agency's request for review of a finding or determination in accordance with 36 CFR §800.3(c)(4) and the National Park Service's applicable requirements. The SHPO shall base any recommendations upon consideration of all of the factors enumerated in 36 CFR §800.4(b)(1).

i. The recommendations and decisions of the SHPO are subject to the review and approval of the director. This review may be initiated by the director for any reason or may be requested in the manner described in rule 223—42.7(303). To facilitate this opportunity for review, the SHPO will generally submit its recommendation to the director within 14 calendar days of receipt.

j. If the director is unable to make a determination regarding the request for review within the federally mandated 30-day consultation period, the director may, upon advising the applicant, request that the federal agency extend the consultation period for such time as the director requires to make such a determination.

414.5(3) *Resolution of adverse effects.* The SHPO shall participate in the consultation to develop and evaluate alternatives or modifications to undertakings that could avoid, minimize, or mitigate adverse effects on historic properties in accordance with the provisions of 36 CFR §800.6 or the terms of executed agreements, easements and covenants.

414.5(4) *Emergency procedures.* The SHPO shall abide by the procedures that govern an agency's historic preservation responsibilities during any disaster or emergency in lieu of 36 CFR §§800.3 through 800.6.

[**ARC 0268C**, IAB 8/8/12, effective 9/12/12; Editorial change: IAC Supplement 2/7/24]

261—414.6(303) Level of effort required to identify historic properties.

414.6(1) The level of effort required to meet the "reasonable and good faith" standard in Section 106 review is set forth in 36 CFR §800.4. The level of effort required shall be based on past planning, research and studies; the magnitude and nature of the undertaking and the degree of federal involvement; the nature and extent of potential effects on historic properties; and the likely nature and location of historic properties within the APE and may consist of any combination of background research, consultations, oral history interviews, sample field investigations and field surveys. In order to balance the mission and needs of a federal agency and its proposed project, the SHPO shall balance the level of effort and resources necessary to identify and preserve archaeological sites with the project benefits, costs, schedules and local issues that, in part, comprise the broader public interest.

414.6(2) In response to the agency's request for consultation, the SHPO shall base any recommendation for the identification of historic properties upon a review of the documentation provided by an agency pursuant to the reasonable and good-faith standard in conformance with the factors set forth in 36 CFR §800.4(b)(1).

414.6(3) It is the statutory obligation of the federal agency to fulfill the requirements of Section 106.

414.6(4) The level of effort required of rural electric cooperatives and municipal utilities shall be consistent with the requirements set forth in Iowa Code section 15.122.

[**ARC 0268C**, IAB 8/8/12, effective 9/12/12; Editorial change: IAC Supplement 2/7/24]

261—414.7(303) Review and appeal of the recommendations and decisions of the state historic preservation officer.

414.7(1) In addition to any other review or appeal process afforded under federal or state law and regulations, the recommendations and decisions of the state historic preservation officer are subject to the review and approval of the director. This review may be initiated by the director for any reason or may be requested in the manner described in this rule.

414.7(2) A person, as defined in Iowa Code section 4.1(20), requesting the review of a recommendation or decision of the state historic preservation officer directly affecting that person shall provide the director with the following information, orally or in writing:

a. Name and address of the requester.

b. A description of the action of the SHPO requested to be reviewed.

c. A short and plain statement of the reasons the review is requested.

414.7(3) Within 15 days following receipt of a request for review, the director shall notify the requester of the disposition of the request or of the need for additional information. Within 30 days following the receipt of the requested additional information, the director will notify the requester in writing of the disposition of the request for review.

414.7(4) A decision of the director is final. Judicial review of the actions of the director may be sought in accordance with the terms of the Iowa administrative procedure Act, Iowa Code chapter 17A.

[**ARC 0268C**, IAB 8/8/12, effective 9/12/12; Editorial change: IAC Supplement 2/7/24]

These rules are intended to implement Iowa Code section 15.121.

[Filed without Notice 5/12/89—published 5/31/89, effective 7/5/89]
[Filed emergency 12/2/93—published 12/22/93, effective 12/2/93]
[Filed 1/27/94, Notice 12/22/93—published 2/16/94, effective 3/23/94]
[Filed ARC 0268C (Notice ARC 0103C, IAB 4/18/12), IAB 8/8/12, effective 9/12/12]
[Editorial change: IAC Supplement 2/7/24]

CHAPTER 415
TECHNICAL ASSISTANCE PROGRAM

[Prior to 2/7/24, see Historical Division[223] Ch 43]

Chapter rescission date pursuant to Iowa Code section 17A.7: 1/1/28

261—415.1(303) Purpose. The Technical Assistance Program provides professional consultation in the areas of planning, project monitoring, local ordinance review, local historic district organizations, and general preservation consulting.
[Editorial change: IAC Supplement 2/7/24]

261—415.2(303) Regulations. Technical assistance is provided as resources permit. First priority is given to projects relating to the National Register of Historic Places, the Certified Local Government program or a local preservation commission, and the preservation partnership program.
[Editorial change: IAC Supplement 2/7/24]

261—415.3(303) Services. The technical assistance program provides service in these four areas:

1. Planning assistance. This program provides on-site or other forms of consultation in the preparation and review of a community or county historic preservation plan.
2. Project monitoring. The staff provides on-site or other forms of project monitoring and facilitation.
3. Local ordinance review and local historic district organization. In accordance with Iowa Code section 15.459(4), the local commission shall submit the draft or final ordinance for review and approval by the staff. An existing commission shall similarly submit proposed local historic district designations for review and approval to the staff. Comments by the appropriate staff shall be supplied within 45 days from the receipt of complete documentation.
4. General technical assistance. Technical assistance in the physical preservation of properties is provided by staff. This service is provided on an individual request and time available basis. The services provided by the staff shall not substitute for private professional services.

All inquiries and requests may be directed to the State Historic Preservation Officer, Iowa Economic Development Authority, 1963 Bell Avenue, Suite 200, Des Moines, Iowa 50315, 515.348.6200.
[Editorial change: IAC Supplement 2/7/24]

These rules are intended to implement Iowa Code section 15.121.

[Filed without Notice 5/12/89—published 5/31/89, effective 7/5/89]
[Filed emergency 12/2/93—published 12/22/93, effective 12/2/93]
[Filed 1/27/94, Notice 12/22/93—published 2/16/94, effective 3/23/94]
[Editorial change: IAC Supplement 2/7/24]

CHAPTER 416
STATE REGISTER OF HISTORIC PLACES PROGRAM

[Prior to 5/31/89, see Historical Department[490] Ch 17]
[Prior to 2/7/24, see Historical Division[223] Ch 44]

Chapter rescission date pursuant to Iowa Code section 17A.7: 1/1/28

261—416.1(303) Purpose. The State Register of Historic Places recognizes properties of historical significance to Iowa.
[Editorial change: IAC Supplement 2/7/24]

261—416.2(303) Regulations and procedures. All regulations and procedures of 261—Chapter 412, Iowa Administrative Code, pertaining to the National Register of Historic Places shall pertain to the state register of historic places.
[Editorial change: IAC Supplement 2/7/24]

These rules are intended to implement Iowa Code section 15.121.

[Filed 4/13/78, Notice 3/8/78—published 5/3/78, effective 6/12/78]
[Filed without Notice 5/12/89—published 5/31/89, effective 7/5/89]
[Editorial change: IAC Supplement 2/7/24]

CHAPTER 417
CERTIFIED LOCAL GOVERNMENT PROGRAM

[Prior to 4/3/24, see Historical Division[223] Ch 36]

Chapter rescission date pursuant to Iowa Code section 17A.7: 1/1/28

261—417.1(15) Purpose. The program seeks to enrich, develop, and help maintain local historic preservation programs in accordance with the state and federal preservation programs. The aim is to ensure the broadest possible participation of local governments in the program while maintaining standards consistent with the National Historic Preservation Act and the Secretary of the Interior's "Standards and Guidelines for Archaeology and Historic Preservation." Financial and technical assistance are provided to further this purpose.
[Editorial change: IAC Supplement 4/3/24]

261—417.2(15) Regulations. The Certified Local Government program shall operate in accordance with the National Historic Preservation Act of 1966; Federal Regulations 36 CFR 61, April 13, 1984, and August 30, 1985; National Register Program Guidelines-NPS 49, Chapter 9; Iowa Code sections 15.445 to 15.459; and the guidelines for the program issued by the authority in "The Certified Local Government Historic Preservation Program in Iowa."
[Editorial change: IAC Supplement 4/3/24]

261—417.3(15) Criteria for certification. Any local government shall be certified to participate in the program if the state historic preservation officer and the National Park Service certify that the local government meets the following conditions:

1. Secures appropriate county and municipal ordinances or resolutions for the creation of a local historical commission and the conduct of its historic preservation responsibilities;
2. Establishes an adequate and qualified historic preservation review commission by state or local legislation;
3. Maintains a system for the survey and inventory of historic properties that furthers the purposes of historic preservation;
4. Provides for adequate public participation in the local historic preservation program, including the process of recommending properties for nomination to the National Register of Historic Places; and
5. Satisfactorily performs the responsibilities delegated to it under the Act.

[Editorial change: IAC Supplement 4/3/24]

261—417.4(15) Procedure for certification.

417.4(1) The applicant shall contact the certified local government coordinator for program guidelines and application procedures.

417.4(2) Review of the certification request for completeness and eligibility shall be conducted by the staff within 30 days. Applicants shall be advised of the results of the review. If the certification request is deemed unsatisfactory, the staff shall advise the applicant and specify the changes that are needed.

417.4(3) When a certification application is accepted, a certification agreement shall be sent to the local government for signature.

417.4(4) Rescinded IAB 12/6/95, effective 1/10/96.
[Editorial change: IAC Supplement 4/3/24]

261—417.5(15) Funding of certified local governments. See 223—35.7(303), Iowa Administrative Code.
[Editorial change: IAC Supplement 4/3/24]

261—417.6(15) Other program services. The authority provides training for county and local preservation commissions through state and regional conferences, technical assistance, and review of the county or local commission's annual report.
[Editorial change: IAC Supplement 4/3/24]

These rules are intended to implement Iowa Code section 15.121 and Iowa Code chapter 15, subchapter II, part 27.

[Filed without Notice 5/12/89—published 5/31/89, effective 7/5/89]
[Filed emergency 12/2/93—published 12/22/93, effective 12/2/93]
[Filed 1/27/94, Notice 12/22/93—published 2/16/94, effective 3/23/94]
[Filed 11/17/95, Notice 10/11/95—published 12/6/95, effective 1/10/96]
[Editorial change: IAC Supplement 4/3/24]