

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]