

CHAPTER 108  
ACCELERATION AND DEVELOPMENT OF INNOVATIVE IDEAS AND BUSINESSES

**261—108.1(15) Authority.** The authority for adopting rules establishing a program to accelerate the development of innovative ideas and businesses by providing assistance for the expansion of the proof of commercial relevance concept, the expansion of applied research, and support for a manufacturing extension partnership program under this chapter is provided in 2012 Iowa Acts, House File 2473, division II.

[ARC 0611C, IAB 2/20/13, effective 3/27/13]

**261—108.2(15) Purpose and description of program components.**

**108.2(1)** The purpose of the program is to accelerate the development of innovative ideas and businesses.

**108.2(2)** The program has three primary components:

- a. A component for the expansion of the proof of commercial relevance concept.
- b. A component for the expansion of applied research.
- c. A component to provide support for a manufacturing extension partnership program.

[ARC 0611C, IAB 2/20/13, effective 3/27/13]

**261—108.3(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.

*“Corporation”* means the Iowa innovation corporation created pursuant to Iowa Code section 15.107.

*“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.

*“POCR”* means the proof of commercial relevance concept and its associated program component.

*“Program”* means the components of the program established in this chapter pursuant to Iowa Code section 15.411.

[ARC 0611C, IAB 2/20/13, effective 3/27/13]

**261—108.4(15) Program description, application procedures, and delegation of functions.**

**108.4(1) General description.** The program provides technical assistance and financial assistance for the expansion of POCR, the expansion of applied research, and support for MEP. All awards of financial assistance must ultimately be approved by the board, after submission of a proposal by the applicant and a recommendation on the proposal by the committee. A contract must be entered into with the authority before moneys will be disbursed to an applicant.

**108.4(2) Program component descriptions and activities.** The program has three primary components: a POCR component, an applied research component, and an MEP component. The corporation shall be the entity responsible for ensuring that technical and other applicable assistance is provided to applicants and shall also work with the authority on the provision of financial assistance. In

working with the authority to provide financial assistance, the corporation shall perform the functions delegated pursuant to subrule 108.4(4).

*a.* The POCR component makes financial assistance available to applicants who undertake projects that commercialize new technologies. The authority, in conjunction with the corporation, will award financial assistance to not more than six applicants each year under the component. The financial assistance will be awarded to innovative businesses that are pursuing the validation of the marketability of a technology. Applicants may submit applications to the authority for assistance under this component. Such applications should describe in detail what technologies the applicant is researching, how the applicant is pursuing commercialization of those technologies, and how the financial assistance will be used to bring the new technologies to market in Iowa.

*b.* The applied research component makes financial assistance available to innovative businesses in order to allow them to better connect university research to their needs and to accelerate the transfer of new technologies to the marketplace. The authority, in conjunction with the corporation, may award financial assistance to university researchers who are attempting to bring their research more in line 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.

*c.* 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, in conjunction with the corporation, 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.

**108.4(3)** *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 108.4(2). The applications will receive an initial review to confirm program eligibility before being sent 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.

**108.4(4)** *Delegation of certain administrative functions to the corporation.* The authority will delegate certain administrative functions of the program to the corporation. The functions that will be delegated are:

*a.* The initial application review process, including an analysis of the application and a determination as to whether the applicant meets all requirements of eligibility under the program and a recommendation on the amount of financial assistance to be provided and under what terms and conditions.

b. The tracking and monitoring of the applicant's progress as well as the eventual outcomes achieved as a result of an award. The corporation shall report annually to the authority on the results of the program.

c. The tracking and monitoring of contract terms and conditions for applicants receiving financial assistance under the program.

d. The provision of technical assistance as described in subrule 108.4(2).

**108.4(5) *Administrative functions not delegated.*** The authority will retain, and not delegate, the performance of the following functions: (1) the final determination as to whether to approve, deny, or defer an award of financial assistance; (2) the disbursement of moneys provided for in an award of financial assistance; (3) the final determination as to whether there is a default in the terms of a contract entered into under the program, including all decisions regarding appropriate remedies for such a default; and (4) any other function not clearly delegated to the corporation pursuant to subrule 108.4(4).

[ARC 0611C, IAB 2/20/13, effective 3/27/13]

#### **261—108.5(15) Program funding.**

**108.5(1) *Program funding limitation.*** 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.

**108.5(2) *Individual applicant limitation.*** The authority reserves the right to determine how much financial assistance any one applicant will receive. A contract is required of each successful applicant, and such contract will provide for the amount and terms and conditions of the award.

[ARC 0611C, IAB 2/20/13, effective 3/27/13]

#### **261—108.6(15) Contract and report information required.**

**108.6(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 authority will include in the contract all terms and conditions for receipt of the funds, including any terms recommended by the corporation. The tracking and monitoring of the contract terms will be delegated to the corporation. The corporation shall provide regular reports to the authority on the progress of the applicant and on the results of the tracking and monitoring. 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.

**108.6(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 0611C, IAB 2/20/13, effective 3/27/13]

These rules are intended to implement Iowa Code chapter 15.

[Filed ARC 0611C (Notice ARC 0408C, IAB 10/17/12), IAB 2/20/13, effective 3/27/13]