

261—53.8 (15) Small business gap financing.

53.8(1) Additional criteria. Applications under this component shall be for businesses that meet the SBA definition of a small business. All geographic locations of the business will be used to determine the total number of employees. The criteria in rule 53.7(15) will be used for evaluating applications under this component.

53.8(2) Application form. Applicants applying for assistance under this component shall use the general business financial assistance application form provided by the department. The department may, at its option, transfer requests to a different financial assistance program, including but not limited to:

- a. The new business opportunities or new product development components of CEBA;
- b. EDSA (economic development set-aside program); or
- c. PFSA (public facilities set-aside program).

53.8(3) Scoring. The criteria noted in rule 53.7(15) are incorporated into the scoring system as follows:

a. Local effort compared with local resources. Maximum — 20 points. This includes assistance from the city, county, community college, chambers of commerce, economic development groups, utilities, or other local sources, compared to the resources reasonably available from those sources. The form of local assistance compared to the form of CEBA assistance requested will be considered (e.g., in-kind, grant, loan, forgivable loan, job training, tax abatement, tax increment financing). The dollar amount of local effort and the timing of the local effort participation as compared to the dollar amount and timing of the requested CEBA participation will also be considered. Conventional financing, inadequately documented in-kind financing, and local infrastructure projects not specifically directed at the business are not considered local effort.

b. Community need. Maximum — 10 points. This includes considerations such as unemployment rates, per capita income, major closings and layoffs, declining tax base, etc.

c. Private contribution compared with CEBA request. Maximum — 30 points. The greater the contribution by the assisted business, the higher the score. Conventional financing will be considered a private contribution. Contribution in the form of “new cash equity” by the business owner will result in a higher score.

d. A project in a brownfield, blighted or distressed area or a business with a good neighbor agreement or an Iowa great places agreement, as described in 261—Chapter 171. Maximum — 10 points. Projects meeting these conditions will receive 10 points.

e. Extra points if small business, as defined by SBA. Maximum — 10 points.

f. Project impact on the state and local economy.

(1) Cost/benefit analysis. Maximum — 40 points. This factor compares the amount requested to the number of jobs to be created or retained as defined in paragraph 53.7(2)“a” and the projected increase in state and local tax revenues. Also considered here is the form of assistance (e.g., a forgivable loan will receive a lower score than a loan).

(2) Quality of jobs to be created. Maximum — 40 points. Higher points to be awarded for:

- Higher wage rates;
- Lower turnover rates;
- Full-time, career-type positions;
- Relative safety of the new jobs;
- Health insurance benefits;
- Fringe benefits;
- Other related factors.

(3) Economic impact. Maximum — 40 points. Higher points to be awarded for base economic activities, e.g.:

- Greater percentage of sales out of state, or import substitution;
- Higher proportion of in-state suppliers;
- Greater diversification of state economy;

Fewer in-state competitors;
Potential for future growth of industry;
Consistency with the state strategic plan for economic development prepared in compliance with Iowa Code section 15.104(2);
Increased value to agricultural commodities;
Degree of utilization of agricultural or value-added technology research from an Iowa educational institution;
A project which is not a retail operation;
A project which includes remediation or redevelopment of a brownfield site.
Maximum preliminary points for project impact — 120 points.

(4) Final impact score. Maximum — 120 points. Equal to preliminary impact score multiplied by a reliability factor (as a percent).

(NOTE OF EXPLANATION — Rating factors in 53.8(3) “f”(1) to (3) attempt to measure the expected impact of the project, if all predictions and projections in the application turn out to be accurate. Up to that point in the rating system, no attempt has been made to judge the feasibility of the business venture, the reliability of the job creation and financial estimates, the likelihood of success, the creditworthiness of the business, and whether the project would occur without state assistance. An attempt to analyze projects against these factors is also important. In order to incorporate this judgment into the rating system, the Preliminary Impact Score (Maximum of 120 points) is multiplied by a “reliability and feasibility factor” to obtain a final impact score, 53.8(3) “f”(4). This factor will range from 0 to 100 percent, depending upon the department’s judgment as to the likelihood of the projections turning out as planned. If, in the department’s judgment, the project would proceed whether it was funded or not, it will be assigned a zero percent on the reliability and feasibility factor and the final impact score will be zero. This is consistent with the intent of the program to use funds only where state assistance will make a difference.)

The maximum total score possible is 200 points.

Projects that score less than 120 points in rule 53.8(15) will not be recommended for funding by the staff to the committee.

53.8(4) Project period. Projects funded under rule 53.8(15) are considered to have a project period as described in 261—Chapter 187. This is the time period allowed for meeting and maintaining the job and performance obligations.