
FISCAL TOPICS

Fiscal Services Division

October 4, 2024



Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

Demonstration Fund

History and Purpose

The [Demonstration Fund](#) was established in 2007 Iowa Acts, chapter [122](#) (Targeted Industry Promotion, Development, and Education Activities Act), and is codified in Iowa Code section [15.411\(2\)](#). The Demonstration Fund provides financial and technical assistance to encourage high-technology prototype and concept development activities that have a clear potential to lead to commercially viable products or services within a reasonable period. The primary purpose of the Fund is to help businesses with high growth potential reach a position where they can attract later-stage private sector funding.

Eligibility

Eligible applicants must be located in Iowa, demonstrate the potential for high growth, and be included in one of the following industries:

- Biosciences
- Information technology
- Advanced manufacturing

A business that is engaged in retail sales or provides health services is ineligible for funding. Also, a business that closes or substantially reduces its workforce by more than 20.0% at existing operations to relocate substantially the same operations to another area of the State is ineligible for 36 consecutive months at any of its sites from the date the new establishment opens.

Project Funding

Awards are made on a per project basis upon the approval of the Iowa Economic Development Authority (IEDA) Board. The maximum award is not to exceed \$150,000 for a single project. The funds may be used for refining a prototype, acquiring managerial expertise, purchasing equipment, or creating marketing materials. Funding may not be used for university overhead expenses or any work that was conducted prior to the term of the contract by the applicant or any third-party consultant.

The forms of financial assistance may consist of loans, forgivable loans, grants, and such other forms of assistance the Board deems appropriate and consistent with the needs of a given project. To receive financial assistance, an applicant must demonstrate the ability to secure \$1 of non-State moneys for every \$2 received from the IEDA.

Fund Revenue

The Demonstration Fund receives funding through the Innovation and Commercialization Development Fund established in Iowa Code section [15.412](#), as well as loan repayments and interest. The Innovation and Commercialization Development Fund receives an allocation from the [High Quality Jobs Program](#). The High Quality Jobs Program receives an annual Skilled Worker and Job Creation Fund (SWJCF) appropriation in the Economic Development Appropriations Act. The SWJCF receives an allocation from State wagering tax receipts.

More Information

Iowa Economic Development Authority: iowaeda.com
LSA Staff Contact: Evan Johnson (515.281.6301) evan.johnson@legis.iowa.gov

Related Statutes and Administrative Rules

Iowa Code sections [8.57](#), [8.75](#), [15.411](#), and [15.412](#)

Iowa Administrative Code [261—105](#)

Doc ID 1462764