

ECONOMIC DEVELOPMENT AUTHORITY[261]

Notice of Intended Action

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)“b.”

Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Pursuant to the authority of Iowa Code sections 15.106A and 15.411, the Economic Development Authority hereby gives Notice of Intended Action to amend Chapter 106, “Small Business Innovation Research and Technology Transfer Outreach Program,” Iowa Administrative Code.

The proposed rule making amends the rules governing the Small Business Innovation Research and Small Business Technology Transfer Programs (SBIR/STTR). The amendments are based on changes made to Iowa Code section 15.411 by 2016 Iowa Acts, House File 2443, division III. The amendments primarily do four things: first, as required by House File 2443, raise the maximum award amount from \$25,000 to \$100,000 and allow the same applicant to receive more than one award; second, define the term “award”; third, strike paragraph 106.4(2)“b” to remove the requirement that the Iowa innovation corporation must develop an online platform; and fourth, revise paragraph 106.4(2)“c” to remove the requirement that the corporation must work with the program administrator at the office of intellectual property and technology transfer at Iowa State University in providing technical assistance. The proposed amendments also clarify language in the rules.

The Economic Development Authority Board approved this rule making at its meeting held on October 21, 2016.

Interested persons may submit comments on or before March 7, 2017. Comments may be submitted to Jennifer Klein, Economic Development Authority, 200 East Grand Avenue, Des Moines, Iowa 50309; telephone (515)725-3124; e-mail Jennifer.Klein@iowaeda.com.

This rule making does not have any fiscal impact to the state of Iowa.

After analysis and review of this rule making, no impact on jobs has been found.

These amendments are intended to implement Iowa Code section 15.411.

The following amendments are proposed.

ITEM 1. Amend subrule 106.2(2) as follows:

106.2(2) The goals of providing this assistance are to increase the number of successful ~~phase II small business innovation research grant~~ grant and contract proposals in the state, increase the amount of ~~such grant~~ funds awarded in the state, stimulate subsequent investment by industry, venture capital, and other sources, and encourage businesses to commercialize promising technologies.

ITEM 2. Amend rule 261—106.3(15) as follows:

261—106.3(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 and contract funds awarded by federal agencies.

“*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.”

“*Program*” means the small business innovation research and technology transfer outreach program established pursuant to Iowa Code section 15.411.

“*SBIR/STTR*” means the federal Small Business Innovation Research and Small Business Technology Transfer Programs.

ITEM 3. Amend rule 261—106.4(15) as follows:

261—106.4(15) Program description, application procedures, and delegation of functions.

106.4(1) General description. The program provides technical assistance and financial assistance to businesses applicants seeking SBIR/STTR funding. All awards of financial assistance must ultimately be approved by the board, after a recommendation by the committee, and ~~a contract~~ an agreement must be entered into with the authority before moneys will be disbursed.

106.4(2) Program components and activities. The program has two primary components, a technical assistance component and a financial assistance component, both of which are intended to ~~win more~~ increase the number of phase I, and phase II, and fast track SBIR/STTR awards and fast track grants for Iowa businesses. The corporation shall be the primary provider of technical assistance to ~~businesses~~ applicants and shall also work with the authority to provide financial assistance.

a. In providing technical assistance, the corporation shall develop a pre-proposal submission component that facilitates expert peer reviews from commercial reviewers with in-depth market knowledge. The resulting reviews should provide the business applicant with a set of recommendations and tips for troubleshooting SBIR/STTR proposals. The corporation shall ensure that ~~such businesses~~ the applicants develop and implement recommendations for their proposals based on industry best practices.

~~*b.* The corporation shall also develop a service component that includes an online platform to provide information to regional SBIR/STTR applicants, researchers, and entrepreneurs. In connection with this platform, the corporation shall identify, promote, and assist all highly qualified commercially relevant companies that are discovered through the platform and shall connect them to other investment programs and investors in the region.~~

~~*e. b.* In providing the technical assistance described in this subrule, the corporation shall work in conjunction with the program administrator of the office of intellectual property and technology transfer at Iowa State University. The following services shall be provided as a result of this collaboration: The corporation shall provide services that include the following:~~

(1) Detailed outlines and other tools to make the drafting of a proposal and other accompanying documentation less daunting.

(2) Reviews and critiques of iterative drafts to improve the structure and narrative of both the research and the commercialization plans.

(3) Evaluation of budgets and budget justifications to produce stronger applications and avoid “leaving money on the table.”

(4) Assistance with the electronic registrations and the application submission process.

~~*d. c.* In working with the authority to provide financial assistance, the corporation shall perform the functions delegated pursuant to subrule 106.4(4).~~

106.4(3) Application and award procedures. Eligible businesses applicants may submit applications to the authority for financial assistance. To be eligible, ~~a business~~ an applicant must meet the requirements in rule 261—106.6(15). 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~~ an applicant, the authority will prepare a required

~~contract agreement~~ specifying the terms and conditions under which the financial assistance is to be provided to the business applicant.

106.4(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 whether the business 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 ~~business's~~ applicant's SBIR/STTR application progress as well as the eventual outcome. The corporation shall report annually to the authority on the results of the program.

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

d. The provision of technical assistance as described in subrule 106.4(2).

106.4(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~~ an agreement 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 106.4(4).

ITEM 4. Amend subrule 106.5(2) as follows:

106.5(2) *Individual applicant limitation.* The authority will not award more than ~~\$25,000~~ \$100,000 in financial assistance to any applicant for any individual federal SBIR/STTR award. ~~A business shall not receive more than one award of financial assistance under the program.~~

ITEM 5. Amend subrule 106.6(1) as follows:

106.6(1) The business applicant must be an innovative business.

ITEM 6. Amend subrule 106.6(2) as follows:

106.6(2) The business applicant must have a reasonable likelihood of receiving SBIR/STTR grant funds, must be likely to stimulate subsequent investment by industry, venture capital, and other sources, and must be likely to commercialize some promising technology.

ITEM 7. Amend rule 261—106.7(15) as follows:

261—106.7(15) ~~Contract Agreement~~ and report information required.

106.7(1) ~~Contract Agreement~~ required. An applicant awarded financial assistance under the program shall enter into a ~~contract~~ an agreement with the authority for the receipt of such funds. The authority will include in the ~~contract~~ agreement all terms and conditions for receipt of the funds, including any terms recommended by the corporation. The tracking and monitoring of the ~~contract~~ agreement 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~~ agreement and as to whether and when to disburse funds to the applicant.

106.7(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~~ agreement effectuating this requirement.