

Red Tape Review Rule Report (Due: September 1, 2025)

Department Name:	IEDA	Date:	6/3/24	Total Rule Count:	6
IAC #:	261	Chapter/ SubChapter/ Rule(s):	Chapter # 108	Iowa Code Section Authorizing Rule:	15.411(6)
Contact Name:	Lisa Connell	Email:	Lisa.connell@iowaeda.com	Phone:	(515) 348-6163

PLEASE NOTE, THE BOXES BELOW WILL EXPAND AS YOU TYPE

What is the intended benefit of the rule?

The intended benefit of chapter 108 is to describe the policies and procedures applicable to the following program components related to innovative and other business development established pursuant to Iowa Code section 15.411(5): a component for proof of commercial relevance, a component for the expansion of investment in applied research, and a component for a manufacturing extension partnership program.

Is the benefit being achieved? Please provide evidence.

Yes, IEDA is able to efficiently administer the program.

What are the costs incurred by the public to comply with the rule?

Businesses interested in applying for financial assistance may require staff time to complete an application. Some applicants may choose to rely on an external service provider to complete these tasks. The amount of the costs will vary, depending on the compensation of staff or service providers involved.

What are the costs to the agency or any other agency to implement/enforce the rule?

IEDA staff time is required to review and approve applications, draft and execute program contracts, disburse funds, review reports, and communicate with program applicants and recipients. Additionally, IEDA has contracted with VentureNet Iowa to perform certain administrative functions related to the program as contemplated by Iowa Code section 15.411(1).

Do the costs justify the benefits achieved? Please explain.

Yes. Only entities that will potentially benefit from the program incur any costs. The costs to the state to administer the program are proportional to the activities supported by financial assistance.

Are there less restrictive alternatives to accomplish the benefit? ☐ YES ☒ NO

If YES, please list alternative(s) and provide analysis of less restrictive alternatives from other states, if applicable. If NO, please explain.

The application and administrative requirements of the rules are no more than necessary to thoroughly evaluate applications and administer financial assistance.

Does this chapter/rule(s) contain language that is obsolete, outdated, inconsistent, redundant, or unnecessary language, including instances where rule language is duplicative of statutory language? [list chapter/rule number(s) that fall under any of the above categories]

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Yes.

Rule 261.108.1 is unnecessary and should be rescinded.

Rule 261.108.2 should be updated to eliminate references to the proof of commercial relevance (POCR) program component established pursuant to Iowa Code section 15.411(5). POCR will be addressed in 261—Chapter 105 relating to the demonstration fund as the two program components are administered consistently. Additionally, a general reference to delegation of administrative functions to a service provider should be added, currently addressed more specifically in rule 261.108.4.

Rule 261.108.3 should be updated to remove the definition of POCR.

Rule 261.108.4 should be updated to remove references to POCR and to be more concise. Additionally, subrule 4 regarding delegation of administrative functions can be eliminated and addressed more generally in rule 261.108.2 instead.

Rule 261.108.5 should be updated to eliminate redundant and unnecessary language.

Rule 261.108.6 should be updated to eliminate references to delegation of administrative functions.

RULES PROPOSED FOR REPEAL (list rule number[s]):

Rule 261.108.1

RULES PROPOSED FOR RE-PROMULGATION (list rule number[s] or include rule text if available):

CHAPTER 108
INNOVATIVE AND OTHER BUSINESS DEVELOPMENT – APPLIED RESEARCH AND MANUFACTURING
EXTENSION PARTNERSHIP

261—108.1(15) Purpose and description of program components. This chapter applies to program components established pursuant to Iowa Code section 15.411(5) for the expansion of investment in applied research and a component for a manufacturing extension partnership program. The authority may delegate certain administrative functions to a service provider

engaged pursuant to Iowa Code section 15.411.

261—108.2(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.

“*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.

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

261—108.3(15) Program description, application procedures, and delegation of functions.

108.3(1) Description. The program provides technical assistance and financial assistance for the expansion of applied research and support for MEP. All awards of financial assistance must 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.

a. The applied research component makes financial assistance available to innovative businesses to connect university research to their needs and to accelerate the transfer of new technologies to the marketplace. The authority may award financial assistance to university researchers who are attempting align their research 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.

b. 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 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.

108.3(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 108.3(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.

261—108.4(15) Program funding. 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.

261—108.5(15) Contract and report information required.

108.5(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. 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.

108.5(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.

These rules are intended to implement Iowa Code section 15.411.

****For rules being re-promulgated with changes, you may attach a document with suggested changes.***

METRICS

Total number of rules repealed:	1
Proposed word count reduction after repeal and/or re-promulgation	538
Proposed number of restrictive terms eliminated after repeal and/or re-promulgation	5

ARE THERE ANY STATUTORY CHANGES YOU WOULD RECOMMEND INCLUDING CODIFYING ANY RULES?

No.