

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

Department Name:	IEDA	Date:	6/7/24	Total Rule Count:	9
IAC #:	261	Chapter/ SubChapter/ Rule(s):	Chapter # 119	Iowa Code Section Authorizing Rule:	15.371
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PLEASE NOTE, THE BOXES BELOW WILL EXPAND AS YOU TYPE

What is the intended benefit of the rule?

The intended benefit of chapter 119 is to describe the policies and procedures applicable to the manufacturing 4.0 technology investment program. The program provides financial assistance to projects intended to lead to the adoption of, and integration of, smart technologies into existing manufacturing operations located in the state.

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. Recipients may similarly incur costs to comply with reporting and monitoring requirements of the program. 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.

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Does this chapter/rule(s) contain language that is obsolete, outdated, inconsistent, redundant, or unnecessary language, including instances where rule language is duplicative of statutory language?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 261.119.1 is unnecessary and should be rescinded.

Rule 261.119.3 should be updated to remove language that is duplicative of statutory language.

Rule 261.119.4 should be updated to remove language that is duplicative of statutory language.

Rule 261.119.6 should be updated to eliminate the assignment of specific point values to the scoring criteria and to align the criteria more closely to the intent of the program.

Rule 261.119.7 should be updated to clarify that labor performed by a recipient business's employees is not an eligible expenditure.

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

261.119.1

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

CHAPTER 119
MANUFACTURING 4.0 TECHNOLOGY INVESTMENT PROGRAM

261—119.1(15) Purpose. The purpose of the manufacturing 4.0 technology investment program is to provide financial assistance to projects intended to lead to the adoption of, and integration of, smart technologies into existing manufacturing operations located in the state.

261—119.2(15) Definitions.

“*Applicant*” means a business applying for assistance under the program.

“*Authority*” means the economic development authority created in Iowa Code section 15.105.

“*Authority’s website*” means the information and related content found at www.iowaeda.com and may include integrated content at affiliate sites.

“*Board*” means the same as defined in Iowa Code section 15.102.

“*Eligible business*” means a business meeting the requirements of rule 261—119.3(15).

“*Financial assistance*” means the same as defined in Iowa Code section 15.102.

“Full-time equivalent job” or “full-time” means the employment of one person:

1. For 8 hours per day for a five-day, 40-hour workweek for 52 weeks per year, including paid holidays, vacations and other paid leave; or
2. The number of hours or days per week, including paid holidays, vacations and other paid leave, currently established by schedule, custom, or otherwise, as constituting a week of full-time work for the kind of service an individual performs for an employing unit, provided that the number of hours per week is at least 32 hours per week for 52 weeks per year including paid holidays, vacations, and other paid leave.

For purposes of this definition, “employment of one person” means the employment of one natural person and does not include “job sharing” or any other means of aggregation or combination of hours worked by more than one natural person.

“Manufacturing 4.0 technology investments” or “investments” means the same as defined in Iowa Code section 15.371.

“Program” means the manufacturing 4.0 technology investment program established in this chapter.

261—119.3(15) Program eligibility. To be eligible for financial assistance under the program, an applicant must propose a manufacturing 4.0 technology investment that has not been made prior to the date of application and meet all the requirements established in Iowa Code section 15.371(5). For the purposes of determining whether an applicant employs a minimum of 3 employees and no more than 125 employees pursuant to Iowa Code section 15.371(5) “e”, “employee” means an individual filling a full-time equivalent job that is part of the payroll of the business receiving financial assistance under this program. “Employee” does not include a business’s part-time, leased, or contract employees.

261—119.4(15) Application submittal and review process.

119.4(1) The authority will develop a standardized application process and make information on applying available on the authority’s website. To apply for assistance under the program, an applicant shall submit an application to the authority in the manner prescribed by the authority. The authority will identify specific types of investments for which it intends to provide financial assistance on the application form or forms.

119.4(2) Applications will be accepted and processed by authority staff on a continuing basis, or the authority may establish application periods as announced on the authority’s website. The authority may engage an outside technical review panel to complete technical reviews of applications. Applications will be reviewed in the order received by the authority.

119.4(3) The authority may refuse to accept incomplete applications or may refuse to accept applications because of insufficient funds.

119.4(4) The board, after considering the recommendations made by authority staff or a technical review panel, will determine the financial assistance award if the board determines that financial assistance should be awarded. The board has final decision-making authority on requests for financial assistance for the program. The board will take final action on all applications for financial assistance, except those rejected pursuant to subrule 119.4(3). The board may approve an award, decline to award, or refer an application back to staff or a technical review panel for further review and recommendation. The board will consider applications on a continuing basis.

119.4(5) An applicant may submit multiple applications. The maximum amount of financial assistance awarded to any eligible business under the program for all its applications shall not exceed \$75,000.

119.4(6) Applicants will be notified in writing of an award of financial assistance, including any conditions and terms of the award, or of a denial of an award of financial assistance.

261—119.5(15) Application scoring criteria.

119.5(1) When applications for financial assistance under the program are reviewed by authority staff or a technical review panel, the criteria below will be considered and the application scored as described.

119.5(2) The criteria under which each application will be scored are:

a. The percentage of the applicant business’s revenue derived from the sale of manufactured goods. Applicants who derive a higher percentage of revenue from the sale of manufactured goods will receive higher scores in this category.

b. The extent to which the manufacturer’s proposed manufacturing 4.0 technology investment is consistent with the opportunities identified in the assessment completed by the center for industrial research and service at Iowa state university of science and technology pursuant to Iowa Code section 15.371(5) “f” .

c. The extent to which the investment integrates smart technologies into existing manufacturing operations and the amount and scope of the business’s investment.

d. The sufficiency of the proposed investment’s financing structure, the feasibility of the sources of funds, and the appropriateness of the proposed uses of the funds.

e. The extent to which the investment will enhance an applicant’s workforce.

f. The extent to which the applicant has planned for long-term use of the manufacturing 4.0 technology investment and

an overall transition to smart technologies-

g. Whether and the extent to which the business has previously received financial assistance from the program.

261—119.6(15) Contract administration.

119.6(1) The authority will prepare a contract for each award approved by the board. The contract will reflect the terms of the award and may include other terms and conditions reasonably necessary for implementation of the program pursuant to this chapter.

119.6(2) Any substantive change to a proposed investment shall require an amendment to the contract. Amendments shall be requested in writing. No amendment shall be valid until approved by the board. The authority may execute nonsubstantive or corrective changes to the contract without board approval.

261—119.7(15) Disbursement of funds. The authority will disburse funds for an investment only after a complete application has been received, an award has been approved by the board, a contract has been executed between the applicant and the authority, and all applicable conditions for disbursement have been met, including the submission of documentation pertaining to the eligible expenditures. Disbursement of funds under the contract will be on a reimbursement basis for expenses incurred by the applicant after the date of application and as provided under the contract. Expenditures for labor performed by a business’s employees are not eligible for reimbursement.

261—119.8(15) Reporting. An applicant receiving assistance under the program shall submit any information reasonably requested by the authority in sufficient detail to permit the authority to prepare any reports required by the authority, the board, the general assembly or the governor’s office.

These rules are intended to implement Iowa Code section 15.371.

****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	38
Proposed number of restrictive terms eliminated after repeal and/or re-promulgation	10

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

No.