

Red Tape Review Rule Report

(Due: September 1, 2025)

Department Name:	IFA	Date:	6/5/25	Total Rule Count:	10
IAC #:	265	Chapter/ SubChapter/ Rule(s):	Chapter 8	Iowa Code Section Authorizing Rule:	7C.12
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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 8 is to carry out the intent and purposes of Iowa Code chapter 7C relating to private activity bonds and to describe IFA's responsibilities as the governor's designee, pursuant to section 7C.12, to administer the chapter.

Is the benefit being achieved? Please provide evidence.

Yes. IFA is able to efficiently administer the procedures for allocation of private activity bonds as defined in Section 141 of the Internal Revenue Code.

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

Entities interested in applying for an allocation pursuant to chapter 7C may require staff time to complete an application. Recipients may similarly incur costs to comply with reporting and monitoring requirements relating to an allocation. 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?

IFA staff time is required to review and approve applications, administer allocations, and communicate with 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 the allocations.

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 carry out IFA's responsibilities pursuant to chapter 7C.

Does this chapter/rule(s) contain language that is obsolete, outdated, inconsistent, redundant, or unnecessary language, including instances where rule language is duplicative of statutory language?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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265.8.1 should be updated to be clearer and more concise.

A new rule should be added as 265.8.2 to incorporate definitions into the chapter.

Existing rule 265.8.2 should be updated to be clearer and more concise.

265.8.3 is unnecessary and should be rescinded.

265.8.4 duplicates statutory language and should be rescinded.

265.8.5 should be updated to be clearer and more concise.

265.8.6 should be updated to clearly identify the authority as the governor's designee for the purposes of chapter 7C.

265.8.7 should be updated to remove language that duplicates statutory language.

265.8.8 should be rescinded.

265.8.9 should be updated to remove language that duplicates statutory language.

265.8.10 should be updated to clearly identify the authority as the governor's designee for the purposes of chapter 7C.

Rules throughout the chapter should be renumbered due to rescission of rules 3, 4, and 8.

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

265.8.3

265.8.4

265.8.8

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

CHAPTER 8
PRIVATE ACTIVITY BOND ALLOCATION

265—8.1(7C) Authority. Pursuant to Iowa Code section 7C.12, the governor has appointed the director of the authority as the governor's designee responsible for administering the procedures for allocation of private activity bonds. The authority adopts this chapter pursuant to Iowa Code section 7C.12(2) "a".

265—8.2(7C) Definitions.

"Allocation" means the same as defined in Iowa Code section 7C.3.

"Application" means a request submitted to the authority for an allocation.

"Beneficiary" means an entity that is intended to benefit from issuance of a bond by an issuer.

“Issuer” means a political subdivision that proposes to issue bonds for a particular project or purpose for which an allocation of the state ceiling is required and has not already been made under Iowa Code section 7C.4A, subsections 1 through 5.

“Political subdivision” means the same as defined in Iowa Code section 7C.3.

“Authority” means the Iowa finance authority created pursuant to Iowa Code section 16.1A.

“Private activity bonds” means the same as defined in Section 141 of the Internal Revenue Code.

“State ceiling” means the private activity bond state ceiling allocated between cities, counties, and for the state of Iowa pursuant to Iowa Code chapter 7C.

265—8.2(7C) Forms and applications. Information and forms are available upon request from the authority at the address set forth in rule 265—1.3(16) or on the authority’s website.

8.2(1) An issuer or beneficiary, or the duly authorized agent of an issuer or beneficiary, must apply for the allocation of a portion of the private activity bond state ceiling allocated pursuant to Iowa Code chapter 7C in the form and content prescribed by the authority. Applications may be submitted to the authority electronically or via email.

8.2(2) The governing body of an issuer must adopt a resolution evidencing an intent to issue the bonds prior to submission of an application.

8.2(3) An applicant must submit the application fee set forth in rule 265—8.7(7C), and all required attachments to the application before such application is considered for allocation.

8.2(4) Except as provided in subrules 8.2(5) and 8.3(4), the authority shall certify allocations in the order in which applications are received, as indicated in Iowa Code section 7C.5. Applications for any given calendar year may be submitted to the authority beginning on December 1 of the preceding year.

8.2(5) The portion of the state ceiling allocated pursuant to Iowa Code section 7C.4A(1) “a”(4) shall be allocated pursuant to subrule 8.3(4).

265—8.3(7C) Certification of current allocation.

8.3(1) The authority shall maintain separate lists of applications for private activity bonds for allocation pursuant to Iowa Code section 7C.4A, subsections (2), (4), (5), and (7). If there are additional applications after the state ceiling for the purpose of industries is fully allocated and, before June 30, the state ceiling for the use of political subdivisions is fully allocated to applications, all applications that have not been allocated any state ceiling will be placed on the list for allocation pursuant to Iowa Code section 7C.4A(7) in the chronological order of receipt without regard to the purpose for which such applications were made.

8.3(2) The authority shall promptly certify to the issuer the amount of the state ceiling allocated to the bonds for the purpose of the project for which the application was submitted, in the order as determined by Iowa Code chapter 7C. The authority shall continue to allocate the state ceiling for each purpose separately (or, if the allocation is made under Iowa Code section 7C.4A(7), in the chronological order of applications received) until all the available state ceiling for that purpose is fully allocated. If there is not sufficient available state ceiling to fully fund an application which is next in order for allocation, the authority shall notify the applicant of the amount that is available and the applicant shall have the option to take what is available within five calendar days of receiving notice of availability. If the applicant does not notify the authority of its decision to take the available allocation within five calendar days of receiving notice of that option, the available state ceiling shall be offered to the next application on the list under the same conditions, and the initial offeree will maintain its position on the list. If the partial allocation is accepted, the applicant may submit a new application for additional state ceiling and that application will be added to the bottom of the applicable list in the chronological order of its receipt.

8.3(3) If the bonds are issued and delivered prior to the expiration date of the allocation, then the issuer or the issuer’s attorney shall within ten days following the issuance and delivery of the bonds notify the authority in the form and content prescribed by the authority.

8.3(4) Upon receipt of a complete application for allocation for a qualified residential rental project, the bonds for which will be issued by the authority, the authority may determine in its sole discretion whether to allocate a portion of its allocation under Iowa Code section 7C.4A(1) “a”(4) to such application based on factors including but not limited to, the readiness, feasibility, and impact of the project.

265—8.4(7C) State ceiling carryforwards. In the event the aggregate principal amount of bonds issued by all issuers in a calendar year is less than the state ceiling for that calendar year, then an issuer or beneficiary may apply to the authority for an allocation of a specified portion of the excess state ceiling to be applied to a specified carryforward project. The application must be in writing and shall comply with the carryforward provisions of Section 146(f) of the Internal Revenue Code and regulations promulgated under that section. Any carryforward allocation that has not expired under Section 146 of the Internal Revenue Code released by the original applicant may be allocated to any other applicant for allocation for the same purpose

for which the original application was made.

265—8.5(7C) Expiration of allocations and resubmission. Allocations expire as described in Iowa Code sections 7C.7 and 7C.9. If an allocation expires, an issuer may resubmit its application pursuant to Iowa Code section 7C.10.

265—8.6(7C) Use by political subdivisions. For the purposes of the amount of the state ceiling allocated pursuant to Iowa Code section 7C.4A(6), a political subdivision will be considered to use the proceeds of private activity bonds if such proceeds are used to finance a project owned or utilized directly by the political subdivision, or to finance a program of the political subdivision which the legislature by statute has authorized or directed the political subdivision to implement.

265—8.7(7C) Application and allocation fees. The authority may charge reasonable fees for providing administrative assistance with regard to the filing of applications and the allocation of the private activity bond state ceiling in accordance with this chapter. A fee of 2 basis points (.02%) of the amount of state ceiling for which application is made shall be paid by the applicant upon filing the application with the authority.

These rules are intended to implement Iowa Code chapter 7C.

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

METRICS

Total number of rules repealed:	3
Proposed word count reduction after repeal and/or re-promulgation	956
Proposed number of restrictive terms eliminated after repeal and/or re-promulgation	16

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

No.