

Purpose and Summary

Pursuant to Executive Order 10 (January 10, 2023), the Authority proposes to rescind Chapter 102 and adopt a new chapter in lieu thereof. The chapter describes the policies and procedures applicable to the Entrepreneur Investment Awards Program. The program supports providers of technical and financial assistance to entrepreneurs and start-up companies seeking to create, locate, or expand a business in the state.

Analysis of Impact

1. Persons affected by the proposed rulemaking:

- Classes of persons that will bear the costs of the proposed rulemaking:

Persons interested in applying for or receiving assistance through the program will bear the costs of the rulemaking.

- Classes of persons that will benefit from the proposed rulemaking:

Persons interested in applying for or receiving assistance through the program and businesses that receive technical assistance from program awardees will benefit from the rulemaking.

2. Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:

- Quantitative description of impact:

Entities interested in applying for financial assistance may require staff time to complete an application for financial assistance. 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.

- Qualitative description of impact:

The program supports providers of technical and financial assistance to entrepreneurs and start-up companies seeking to create, locate, or expand a business in the state. The providers of assistance receive the direct benefit of the funds, and the entrepreneurs and start-up companies also benefit from the services of recipients.

3. Costs to the State:

- Implementation and enforcement costs borne by the agency or any other agency:

Authority 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.

- Anticipated effect on state revenues:

The rules have no anticipated impact on state revenues. The Authority is directed to administer the program by Iowa Code section 15E.362. Financial assistance is provided from the Entrepreneur Investment Awards Program Fund created pursuant to Iowa Code section 15E.363. The amount deposited in the fund each year depends on the amount allocated for such purposes pursuant to Iowa Code section 15.335B.

4. Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:

Only the entities that will potentially benefit from financial assistance bear the costs of the rulemaking. The costs to the State to administer the program are proportional to the activities supported by financial assistance.

5. Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:

The Authority has not identified any less costly methods or less intrusive methods for administering the program.

6. Alternative methods considered by the agency:

- Description of any alternative methods that were seriously considered by the agency:

The Authority did not consider any other methods.

- Reasons why alternative methods were rejected in favor of the proposed rulemaking:

The Authority did not consider any other methods.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

The proposed rules do not have a substantial impact on small business. The application, contracting, and monitoring requirements related to the program are no more than necessary to administer the statutory requirements of the program. The rules do not establish design or operational standards.

Text of Proposed Rulemaking

ITEM 1. Rescind 261—Chapter 102 and adopt the following **new** chapter in lieu thereof:

CHAPTER 102

ENTREPRENEUR INVESTMENT AWARDS PROGRAM

261—102.1(15E) Purpose and funding. The entrepreneur investment awards program supports providers of technical and financial assistance to entrepreneurs and start-up companies seeking to create, locate, or expand a business in the state. Moneys for financial assistance under the program will be awarded from the moneys in the entrepreneur investment awards program fund created pursuant to Iowa Code section 15E.363. The amount deposited in the fund each year depends on the amount allocated for such purposes pursuant to Iowa Code section 15.335B.

261—102.2(15E) Definitions. As used in this chapter unless the context otherwise requires:

“Applicant” means a provider applying to the authority for financial assistance under the program.

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

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

“Business development services” means the same as defined in Iowa Code section 15E.362.

“Committee” means a committee of application reviewers appointed by the director.

“Deliverables” means the performance of duties or other obligations required for the receipt of

financial assistance under the program.

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

“Financial assistance” means the same as defined in Iowa Code section 15.327.

“Program” means the same as defined in Iowa Code section 15E.362.

“Provider” means an “eligible entrepreneurial assistance provider” as that term is defined in Iowa Code section 15E.362.

261—102.3(15E) Application procedures. Providers may be invited to submit applications to the authority. The authority will review applications to confirm program eligibility pursuant to Iowa Code section 15E.362(3). Eligible applications will be sent to the committee to develop a recommendation on funding pursuant to rule 261—102.4(15E). The committee will provide its recommendation to the board for a final determination on funding. The amount of financial assistance awarded to a provider is within the discretion of the authority as determined by the board.

261—102.4(15E) Evaluation and recommendation process.

102.4(1) Eligibility. To be eligible for financial assistance under the program, an applicant must meet all the requirements in Iowa Code section 15E.362(3), in addition to all of the following requirements:

- a. The applicant must have its principal place of operations in the state of Iowa.
- b. The applicant must be actively providing business development services in the state of Iowa.

102.4(2) Competitive scoring criteria. In addition to the considerations identified in Iowa Code section 15E.362(8), the committee will develop its recommendations for funding based on the following criteria:

- a. The extent to which the applicant’s project addresses an unmet need of entrepreneurs in the state of Iowa; and
- b. The extent to which the applicant has identified adequate resources to sustain the applicant’s project following the provision of financial assistance by the authority.

102.4(3) Committee recommendation. The evaluation and recommendation of the committee will be summarized in a report to the board for the board’s use in making a final determination. The committee may recommend applicable terms and conditions of financial assistance.

261—102.5(15E) Administration of financial assistance.

102.5(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 provider shall maintain all eligibility requirements for the duration of a contract. The contract may include such deliverables and other terms and conditions as the authority deems necessary. The authority will make the final determination as to compliance with the terms of the contract and will make the final determination as to whether and when to disburse funds to the applicant.

102.5(2) *Use of funds.* Funds shall be used consistent with the requirements in Iowa Code section 15E.362(9). For the purposes of determining whether funds have been used consistent with Iowa Code section 15E.362(9), “operating costs” means the expenses associated with administering a provider’s activities on a day-to-day basis. “Operating costs” includes both fixed costs and variable costs. “Operating costs” does not include expenses associated with nonoperating activities, such as interest expenses, repayment of principal, or moneys invested by the provider in a client’s businesses or in other ventures.

102.5(3) *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 sections 15E.362 and 15E.363.