

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

Department Name:	IEDA	Date:	8/25/25	Total Rule Count:	8
IAC #:	261	Chapter/ SubChapter/ Rule(s):	Chapter 36	Iowa Code Section Authorizing Rule:	15.431
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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 36 is to describe the policies and procedures applicable to the downtown loan guarantee program administered by the authority pursuant to Iowa Code section 15.431. The program provides loan guarantees for eligible downtown revitalization projects.

Is the benefit being achieved? Please provide evidence.

Yes. The authority is able to effectively award and administer loan guarantees through the program.

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

Entities interested in applying for the program may require staff time to complete an application to receive financial assistance. Recipients of a loan guarantee and their lenders may incur costs to comply with administrative and reporting requirements of the program. Some applicants/recipients may choose to rely on an external service provider to complete these tasks, such as a consultant. The amount of the costs will vary, depending on the compensation of staff or service providers involved. Lenders are assessed an annual loan guarantee fee not to exceed 2 percent of the loan amount for the duration of the loan guarantee.

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

IEDA staff time is required to review and prepare applications for approval, draft and execute program contracts, 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 incited.

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 implement the purposes of the program.

Does this chapter/rule(s) contain language that is obsolete, outdated, inconsistent, redundant, or unnecessary language, including instances where rule language is duplicative of statutory language?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 36.1 is unnecessary and primarily duplicates statutory language.

Rule 36.2 should be updated to reflect IEDA's current website, to eliminate an unnecessary definition of "board", and to include a citation to Iowa Code section 15.431 in the definition of "program".

Rule 36.3 should be updated to remove language that duplicates statutory language.

Rule 36.4 should be updated to be more concise and to remove language that duplicates statutory language.

Rule 36.5 should be updated to remove language that duplicates statutory language.

Rule 36.5 should be updated for clarity.

Rules throughout the chapter should be renumbered due to the rescission of 36.1.

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

261.36.1

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

CHAPTER 36
DOWNTOWN LOAN GUARANTEE PROGRAM

261—36.1(15) Definitions.

"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.opportunityiowa.com.

"Borrower" means a business that is approved for a loan by a lender and that has applied for assistance under the program.

"Director" means the director of the authority.

"Iowa finance authority" means the public instrumentality and agency of the state created by Iowa Code section 16.1A.

“Lender” means a federally insured financial lending institution that issued a loan to a borrower.

“Program” means the downtown loan guarantee program established pursuant to Iowa Code section 15.431 and this chapter.

261—36.2(15) Eligibility. To be eligible for approval of a loan guarantee, a borrower must demonstrate that all conditions in Iowa Code section 15.431(2) are met.

261—36.2(15) Application submittal and review process.

36.2(1) To apply for assistance under the program, the borrower and lender shall submit an application to the authority in the manner prescribed by the authority. 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.

36.2(2) The application will include, at a minimum, the following: name(s) and address(es) of the borrower and participating lender, amount of loan, amount of loan guarantee requested, and certification of compliance with state law and lending practices.

36.2(3) The authority may refuse to accept incomplete or ineligible applications.

36.2(4) The authority may refuse to accept applications because of insufficient funds.

36.3(5) Authority staff, in conjunction with Iowa finance authority staff, will review applications and make a recommendation as to whether an application should be approved and the guarantee percentage. The director may approve, deny, or defer an application.

261—36.4(15) Loan guarantee limitations. Loan guarantees are subject to the limitations in Iowa Code section 15.431(3) through 15.431(10). Extensions are subject to approval by the director.

261—36.5(15) Annual fee. The lender shall pay an annual loan guarantee fee not to exceed 2 percent of the loan amount for the duration of the loan guarantee. The fee applicable to each approved loan guarantee will be established by the program agreement executed pursuant to rule 261—36.7(15).

261—36.6(15) Agreement. Upon approval of an award, authority staff will prepare an agreement between the authority, the lender, and the borrower. The agreement, at a minimum, shall include the conditions of the award, including the applicable annual fee to be paid by the lender pursuant to rule 261—36.6(15), the guarantee percentage, the responsibilities of each party, and the potential actions in instances of noncompliance.

261—36.7(15) Reporting. The borrower and lender 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 authority board, the general assembly, or the governor’s office.

These rules are intended to implement Iowa Code section 15.431.

***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	422
Proposed number of restrictive terms eliminated after repeal and/or re-promulgation	6

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

No.