

IOWA DEPARTMENT OF ECONOMIC DEVELOPMENT

REGULATORY PLAN

FISCAL YEAR 2011

AMENDED DECEMBER 7, 2010

Agency Rules Administrator:

General Counsel

Phone: 515-725-3018

Fax: 515-725-3010

Email: rules@iowa.gov***Introduction***

The purpose of this Regulatory Plan is to implement the State of Iowa's Executive Order #9 and provide the Department's expected regulatory actions for State Fiscal Year 2011, which began July 1, 2010. The Department is responsible for managing rulemaking efforts in the following two titles of the Iowa Administrative Code:

261 – Iowa Economic Development Board

263 – City Development Board

In promulgating all rules, the Department shall adhere to the Regulatory Principles outlined in Executive Order #9 unless and until such order is rescinded.

Contents

This Regulatory Plan contains the following information:

1. A statement of the Department's current regulatory objectives and priorities.
2. A description of each contemplated regulatory action.
3. A summary of the legal basis for each action.
4. A statement of need for such action.
5. The proposed schedule of action.
6. The name and contact information for the person at the Department who is knowledgeable about the proposed action and can provide additional information to the public.
7. The identification and basis of possible additional rules promulgation that may occur during State Fiscal year 2011.

Current Regulatory Objectives and Priorities

For Fiscal Year 2011, the Department will focus its rulemaking efforts on implementing legislation passed in the 2010 Legislative Session and updating existing program rules as necessary.



Contemplated Regulatory Action

SITE DEVELOPMENT PROGRAM (AMENDED)

Rule: New Chapter, TBD

Description: Create a new chapter for the new Iowa Site Development Program.

Legal Basis: 2010 Iowa Acts, Senate File 2389

Statement of Need: The General Assembly created a new Site Development Program to certify sites in Iowa as ready for site development. The law requires IDED to develop criteria for evaluating the various types of sites, evaluate applications to the program and issue certificates under the program.

Proposed Schedule: NOIA: 11-2010 Final: 2-2011 Hearing: 1-2011 Effective: 4-2011

Contact: Sherry Timmins, 515-725-3127, sherry.timmins@iowa.gov

ORGANIZATION

Rule: 261 IAC chapter 1 (AMENDED)

Description: Modify the composition of the Economic Development Board; make minor modification to IDED structure to reflect organizational changes.

Legal Basis: 2010 Iowa Acts, Senate File 2076, Division II; 2010 Iowa Acts, Senate File 2389; 2010 Iowa Acts, House File 2488; Iowa Code sections 15.104, 15.106 and 15.109 .

Statement of Need: The General Assembly adopted new requirements related to the age of board members throughout state government as well as particular changes to the make-up of the Board; in addition, IDED is in the process of re-structuring some of its teams and divisions to ensure maximum efficiencies and accountability.

Proposed Schedule: NOIA: 02-2011 Final: 4-2011 Hearing: 03-2011 Effective: 06-2011

Contact: General Counsel, 515-725-3018, rules@iowa.gov

ECONOMIC DEVELOPMENT REGION INITIATIVES (AMENDED)

Rule: 261 IAC chapter 31

Description: Remove the Economic Development Regional Revolving Loan Fund Tax Credit program from the rule chapter; may also make other minor corrections while the rule chapter is being amended.

Legal Basis: 2010 Iowa Acts, Senate File 2380; Iowa Code section 15.104, 15.106 and 15.109.

Statement of Need: The General Assembly rescinded the Economic Development Region Revolving Loan Fund Tax Credit. The existing programs may also benefit from clarifications made to their requirements in the rules.

Proposed Schedule: NOIA: 02-2011 Final: 4-2011 Hearing: 03-2011 Effective: 06-2011

Contact: Kathy Anderson, 515-725-3149, kathy.anderson@iowa.gov

DIVISION RESPONSIBILITIES

Rule: **261 IAC chapter 21**

Description: Update the chapter to remove any references to HOME.

Legal Basis: 2010 Iowa Acts, Senate File 2088, Division XXII

Statement of Need: The General Assembly consolidated many of the housing programs at the Iowa Finance Authority. These modifications will update the Department's rules to remove references to those programs that have been consolidated to IFA.

Proposed Schedule: NOIA: 10-2010 Final: 12-2010 Hearing: 11-2010 Effective: 02-2010
May also be filed emergency.

Contact: Leslie Leager, 515-725-3071, leslie.leager@iowa.gov

HOUSING FUND

Rule: **261 IAC chapter 25**

Description: Update the chapter to remove any references to HOME.

Legal Basis: 2010 Iowa Acts, Senate File 2088, Division XXII

Statement of Need: The General Assembly consolidated many of the housing programs at the Iowa Finance Authority. These modifications will update the Department's rules to remove references to those programs that have been consolidated to IFA.

Proposed Schedule: NOIA: 10-2010 Final: 12-2010 Hearing: 11-2010 Effective: 02-2010
May also be filed emergency.

Contact: Leslie Leager, 515-725-3071, leslie.leager@iowa.gov

IOWA JOBS MAIN STREET PROGRAM (AMENDED)

Rule: **261 IAC chapter 40**

Description: Create a new chapter for the new Iowa Jobs Main Street Program.

Legal Basis: 2010 Iowa Acts, Senate File 2389

Statement of Need: The General Assembly created a new Iowa Jobs Main Street Program to define eligibility for the High-Priority list of projects eligible for funding under the program.

Proposed Schedule: NOIA: 06-2010 Final: 11-2010 Hearing: 07-10 Effective: 12-2010

Contact: Thom Guzman, 725-3058, thom.guzman@iowa.gov

ENDOW IOWA TAX CREDITS (AMENDED)

Rule: 261 IAC chapter 47

Description: Modify the rules to account for the reduction of tax credits available.

Legal Basis: 2010 Iowa Acts, Senate File 2380; Iowa Code section 15.104, 15. 106 and 15.109.

Statement of Need: The General Assembly reduced the amount of tax credits made available to program participants.

Proposed Schedule: NOIA: 02-2011 Final: 4-2011 Hearing: 03-2011 Effective: 06-2011
May also file emergency.

Contact: Tim Waddell, 515-725-3080, tim.waddell@iowa.gov

IOWA TARGETED SMALL BUSINESS PROCUREMENT PROGRAM (AMENDED)

Rule: 261 IAC chapter 54

Description: Modify the rules to account for changes to the program to small businesses owned and operated by disabled veterans.

Legal Basis: 2010 Iowa Acts, House File 2449.

Statement of Need: The General Assembly included small businesses owned and operated by disabled veterans among the small businesses that should be considered by the state in the awarding of state-contracts and subcontracts.

Proposed Schedule: NOIA: 03-2011 Final: 05-2011 Hearing: 04-2011 Effective: 07-2011

Contact: Paul Stueckradt, 515-725-3045, paul.stueckradt@iowa.gov

VALUE-ADDED AGRICULTURE PRODUCTS AND PROCESSES FINANCIAL ASSISTANCE PROGRAM (VAAPFAP) (AMENDED)

Rule: 261 IAC chapter 57

Description: Modify the rules to account for changes to the VAAPFAP Program; remove references to committees that may no longer exist.

Legal Basis: 2010 Iowa Acts, Senate File 2380 and Senate File 2088.

Statement of Need: The General Assembly discontinued refundable investment tax credits for value-added agricultural products as well as some of the committees involved in the larger financial assistance program.

Proposed Schedule: NOIA: 02-2011 Final: 4-2011 Hearing: 03-2011 Effective: 06-2011

Contact: Jeremy Babcock, 515-725-3128, Jeremy.babcock@iowa.gov

ENTERPRISE ZONE (EZ) PROGRAM (AMENDED)

Rule: 261 IAC chapter 59

Description: Modify the rules to be consistent with proposed legislative changes.

Legal Basis: 2010 Iowa Acts, Senate File 2380 and Senate File 2076; Iowa Code section 15.104, 15.106 and 15.109.

Statement of Need: The General Assembly reduced the total amount of tax credits made available to program participants and modified the eligibility of program participants; the 2011 General Assembly may adopt additional changes.

Proposed Schedule: NOIA: 04-2011 Final: 06-2011 Hearing: 05-2011 Effective: 04-2011
May also file emergency.

Contact: Jeremy Babcock, 515-725-3128, jeremy.babcock@iowa.gov

HIGH QUALITY JOBS PROGRAM (HQJP) (AMENDED)

Rule: 261 IAC chapter 68

Description: Modify the rules to account for the reduction of tax credits available and additional limitations for participation in the program imposed by legislation.

Legal Basis: 2010 Iowa Acts, Senate File 2380 and Senate File 2076; Iowa Code section 15.104, 15.106 and 15.109.

Statement of Need: The General Assembly reduced the total amount of tax credits made available to program participants and modified the eligibility of program participants.

Proposed Schedule: NOIA: 03-2011 Final: 05-2011 Hearing: 04-2011 Effective: 07-2011
May also file emergency.

Contact: Jeremy Babcock, 515-725-3128, jeremy.babcock@iowa.gov

AGGREGATE TAX CREDIT LIMIT FOR CERTAIN ECONOMIC DEVELOPMENT PROGRAMS (AMENDED)

Rule: 261 IAC chapter 76

Description: Modify the rules to account for the reduction of tax credits available.

Legal Basis: 2010 Iowa Acts, Senate File 2380; Iowa Code section 15.104, 15.106 and 15.109.

Statement of Need: The General Assembly reduced the total amount of tax credits made available to program participants.

Proposed Schedule: NOIA: 03-2011 Final: 05-2011 Hearing: 04-2011 Effective: 07-2011
May also file emergency.

Contact: Thom Hart, 515-725-3019, thom.hart@iowa.gov

SMALL BUSINESS LOAN PROGRAM

Rule: 261 IAC chapter 80
Description: Create a new chapter for the new Iowa Small Business Loan Program
Legal Basis: 2010 Iowa Acts, Senate File 2389
Statement of Need: The General Assembly created a new Iowa Small Business Loan Program and required that the Department adopt rules to enact the program.
Proposed Schedule: NOIA: 06-10 Final: 08-10 Hearing: 07-10 Effective: 08-2010
Also filed emergency.
Contact: Kelley Myers, 515-725-3018, kelley.myers@iowa.gov

DIVISION RESPONSIBILITIES (AMENDED)

Rule: 261 IAC chapter 101
Description: Repeal the chapter to reflect restructuring of IDED.
Legal Basis: Iowa Code section 15.106.
Statement of Need: IDED is in the process of re-structuring some of its teams and divisions to ensure maximum efficiencies and accountability. The Innovation and Commercialization functions will become part of the Business Development Division, beginning in Chapter 50.
Proposed Schedule: NOIA: 03-2011 Final: 05-2011 Hearing: 04-2011 Effective: 07-2011
Contact: General Counsel, 515-725-3018, rules@iowa.gov

TARGETED INDUSTRIES INTERNSHIP PROGRAM

Rule: 261 IAC chapter 104
Description: Modify the definition of "Iowa Student" to include students who attended high school in Iowa but attend college out of state.
Legal Basis: 2010 Iowa Acts, Senate File 2076
Statement of Need: To enable the program to accept applications and award internship program dollars for students who attended an Iowa high school and intern for an Iowa company but attend college out of state.
Proposed Schedule: NOIA: 05-2010 Final: 08-2010 Hearing: 07-2010 Effective: 08-2010
Also filed emergency.
Contact: Alana Anderson, 515-725-3196, alana.anderson@iowa.gov

IOWA INNOVATION COUNCIL

Rule: 261 IAC chapter 114

Description: Create a new chapter for the new Iowa Innovation Council.

Legal Basis: 2010 Iowa Acts, House File 2076

Statement of Need: The General Assembly created a new Iowa Innovation Council. The rules establish the processes by which the Council shall conduct its official business.

Proposed Schedule: NOIA: 05-2010 Final: 08-2010 Hearing: 07-2010 Effective: 08-2010
Also filed emergency.

Contact: Karen Merrick, 515-725-3190, karen.merrick@iowa.gov

SUPPLEMENTAL CREDIT OR POINTS (AMENDED)

Rule: 261 IAC chapter 171

Description: Update the rules through an additional rule to the chapter to encourage renewable biomass in programs funded through appropriations made to the Department.

Legal Basis: 2010 Iowa Acts, House File 2351

Statement of Need: The amendments will require that programs using funds appropriated to the Department will encourage projects utilizing biomass made from renewable biomass to produce inputs for agricultural purposes that replace products that are produced using fossil fuels as raw materials.

Proposed Schedule: NOIA: 03-2011 Final: 05-2011 Hearing: 04-2011 Effective: 07-2011

Contact: General Counsel, 515-725-3018, rules@iowa.gov

ENVIRONMENTAL LAW COMPLIANCE; VIOLATIONS OF LAW (AMENDED)

Rule: 261 IAC chapter 172

Description: Provide a requirement that all recipients and vendors hire workers legally authorized to work in the United States and Iowa.

Legal Basis: 2010 Iowa Acts, House File 2522

Statement of Need: The amendments will require all contracts to have a special provision in them, in addition to any compliance with laws section, that the recipient of Department funds hire only workers authorized to work in the state of Iowa.

Proposed Schedule: NOIA: 03-2011 Final: 05-2011 Hearing: 04-2011 Effective: 07-2011

Contact: General Counsel, 515-725-3018, rules@iowa.gov

STANDARD DEFINITIONS (AMENDED)

Rule: 261 IAC chapter 173

Description: Update and modify portions of the chapter to account for additional programs and no longer existing programs.

Legal Basis: Iowa Code section 15.106 and 15.109; 2010 Iowa Acts, Senate File 2088

Statement of Need: The amendments will add some additional programs that should fall under the specific standard definitions of the Department's business assistance programs. May also remove references to entities that were discontinued under Senate File 2088.

Proposed Schedule: NOIA: 03-2011 Final: 05-2011 Hearing: 04-2011 Effective: 07-2011

Contact: General Counsel, 515-725-3018, rules@iowa.gov

APPLICATION REVIEW AND APPROVAL PROCEDURES (AMENDED)

Rule: 261 IAC chapter 175

Description: Update the rules by removing references to entities that were discontinued.

Legal Basis: Iowa Code section 15.106 and 15.109; 2010 Iowa Acts, Senate File 2088

Statement of Need: The amendments will remove references to entities that were discontinued under Senate File 2088.

Proposed Schedule: NOIA: 03-2011 Final: 05-2011 Hearing: 04-2011 Effective: 07-2011

Contact: General Counsel, 515-725-3018, rules@iowa.gov

CONTRACTING (AMENDED)

Rule: 261 IAC chapter 187

Description: Update and modify portions of the chapter to account for additional programs and clarify contracting procedures.

Legal Basis: Iowa Code section 15.106 and 15.109; 2010 Iowa Acts, Senate File 2088

Statement of Need: The amendments will clarify whether the Economic Development Board or the Director must approve initial awards where not otherwise clear and shall add additional rules to contemplate additional programs that may have been placed in effect since the last revision to this chapter. May also remove references to entities that were discontinued under Senate File 2088.

Proposed Schedule: NOIA: 03-2011 Final: 05-2011 Hearing: 04-2011 Effective: 07-2011

Contact: General Counsel, 515-725-3018, rules@iowa.gov

PUBLIC RECORDS AND FAIR INFORMATION PRACTICES (AMENDED)

Rule:	261 IAC chapter 195
Description:	Modify portions of the chapter to define how the Department will utilize the additional confidential treatment of records allowed for in Iowa Code section 15.118.
Legal Basis:	Iowa Code section 15.104, 15.106, 15.109 and 15.118.
Statement of Need:	The Legislature has afforded the Department with additional authority to keep certain records confidential, in addition to those afforded by Iowa Code section 22.7. The purpose of this additional confidential treatment is to allow businesses to deal with the Department without disclosing information that may be valuable to third party competitors, the public disclosure of which could discourage investment in Iowa.
Proposed Schedule:	NOIA: 05-2011 Final: 07-2011 Hearing: 06-2011 Effective: 09-2011
Contact:	General Counsel, 515-725-3018, rules@iowa.gov

VOLUNTARY ANNEXATION

Rule:	263 IAC chapter 7
Description:	Modify portions of the chapter to provide for the severance and annexation of real property upon petition of the real property owners and approval of the City Development Board.
Legal Basis:	2010 Iowa Acts, House File 2376
Statement of Need:	The Legislature adopted changes to the Code allowing for boundaries of cities to be adjusted by cities upon their mutual agreement.
Proposed Schedule:	NOIA: 8-2010 Final: 10-2010 Hearing: 9-2010 Effective: 11-2010
Contact:	Marie Steenlage, 515-725-3064, marie.steenlage@iowa.gov

Possible Regulatory Action

In addition to the proposed and current regulatory action described above, the Department is evaluating the following to determine if rulemaking will be required:

- 2010 Iowa Acts, House File 681, related to reporting requirements of businesses in the state to determine if rules may be necessary to enforce the provisions thereof among recipients of business assistance programs administered by the Department.
- 2010 Iowa Acts, Senate File 2076, Section 3, related to reports required from Iowa's community colleges under Iowa Code section 15G.111 as they impact funds deposited into program accounts under Iowa Code chapter 260E.

- 2010 Iowa Acts, Senate File 2380, Division VI, related to a cap of all job credits from employers which may be used for the program as it may impact program eligibility described in 261 Iowa Administrative Code chapter 20 or any reporting requirements on the part of the participating community colleges.
 - 2010 Iowa Acts, Senate File 2380, Division XIV, related to an interim study committee to evaluate the effectiveness of Iowa's Enterprise Zone program. If the General Assembly adopts changes to the program during the 2011 session, the Department will likely require changes to 261 Iowa Administrative Code chapter 59.
 - 2010 Iowa Acts, Senate File 2380, Division XV, related to an interim study committee to evaluate the effectiveness of Iowa's Industrial New Jobs program authorized by Iowa Code chapter 260E. If the General Assembly adopts changes to the program during the 2011 session, the Department will likely require changes to 261 Iowa Administrative Code chapter 5.
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