

ECONOMIC DEVELOPMENT, IOWA DEPARTMENT OF[261]

Adopted and Filed

Pursuant to the authority of Iowa Code sections 15.104 and 15.106, the Iowa Department of Economic Development adopts new Chapter 46, "Endow Iowa Grants Program," Iowa Administrative Code. Notice of Intended Action was published in the Iowa Administrative Bulletin on September 17, 2003, as **ARC 2753B**.

The rules implement the Endow Iowa Grants Program as authorized by 2003 Iowa Acts, First Extraordinary Session, House File 692. The rules establish application procedures, evaluation criteria, form of award, and the contractual and compliance components of the Program.

A public hearing to receive comments about the proposed rules was held on October 16, 2003. The following comments were received:

- The Director of the Greater Des Moines Foundation offered support for the rules as written, but encouraged the Department to be sensitive to the smaller donors and rural donors in the administration of the Program. The Director also suggested that a definition for "permanent endowment fund" be included in Chapter 46.
- The Director of the Community Vitality Center offered two suggestions: (1) that the rules incorporate a statement of guaranteed portability for affiliate community foundations that are required to make their deposits in the nationally certified foundations, and that those that are the affiliate groups receive some sort of guarantee that they would be allowed to make a change in depository affiliations should they choose to do so; and (2) that there be administrative rules to establish a point of ex-officio liaison from the Community Vitality Center that would work with the lead philanthropic board and attend the lead philanthropic board meetings.

Based on these comments, the following changes have been made:

- Grammatical changes and changes for the purpose of clarification have been made to the proposed rules.
- A definition for "permanent endowment fund" has been added.

The Iowa Department of Economic Development adopted these rules on November 20, 2003.

These rules are intended to implement 2003 Iowa Acts, First Extraordinary Session, House File 692, division VIII.

These rules will become effective on January 28, 2004.

The following **new** chapter is adopted.

CHAPTER 46

ENDOW IOWA GRANTS PROGRAM

261—46.1(80GA,HF692) Purpose. The purpose of the endow Iowa grants program is to encourage individuals, businesses, and organizations to invest in community foundations and community affiliate organizations to enhance the quality of life for citizens of this state through increased philanthropic activity. This purpose will be met by providing capital to new and existing citizen groups of this state organized to establish permanent endowment funds that will address community needs.

261—46.2(80GA,HF692) Definitions.

"Act" means the endow Iowa program Act, 2003 Iowa Acts, First Extraordinary Session, House File 692, division VIII.

"Board" means the governing board of the lead philanthropic entity identified by the department pursuant to 2003 Iowa Acts, First Extraordinary Session, House File 692, section 91.

"Business" means an entity operating within the state and includes individuals operating a sole proprietorship or having rental, royalty, or farm income in this state and includes a consortium of businesses.

"Community affiliate organization" means a group of five or more community leaders or advocates organized for the purpose of increasing philanthropic activity in an identified community or geographic area in this state with the intention of establishing a community affiliate endowment fund.

"Department" or "IDED" means the Iowa department of economic development.

"Endowment gift" means an irrevocable contribution to a permanent endowment held by a qualified community foundation.

"Lead philanthropic entity" means the entity identified by the department pursuant to 2003 Iowa Acts, First Extraordinary Session, House File 692, section 91.

“Permanent endowment fund” means a fund held in a qualifying community foundation to provide benefit to charitable causes in the state of Iowa. Endowed funds are intended to exist in perpetuity, and to implement an annual spend rate not to exceed 5 percent.

“Qualified community foundation” means a community foundation organized or operating in this state that meets or exceeds the national standards established by the National Council on Foundations.

261—46.3(80GA, HF692) Program procedures. The department shall identify a lead philanthropic entity for purposes of encouraging the development of qualified community foundations in this state. A lead philanthropic entity may receive a grant from the department. The board shall use the grant moneys to award endow Iowa grants to new and existing qualified community foundations and to community affiliate organizations as follows:

46.3(1) Endow Iowa grants awarded to new and existing qualified community foundations and to community affiliate organizations shall not exceed \$25,000 per foundation or organization unless a foundation or organization demonstrates a multiple county or regional approach.

46.3(2) Endow Iowa grants may be awarded on an annual basis with not more than three grants going to a single county in a fiscal year.

46.3(3) Of any moneys received by a lead philanthropic entity from the state, not more than 5 percent of such moneys shall be used by the lead philanthropic entity for administrative purposes.

46.3(4) Lead philanthropic entity eligibility requirements. A lead philanthropic entity shall meet all of the following qualifications:

- a. The entity shall be a nonprofit entity, which is exempt from federal income taxation pursuant to Section 501(c)(3) of the Internal Revenue Code.
- b. The entity shall be a statewide organization with membership consisting of organizations, such as community, corporate, and private foundations, whose principal function is the making of grants within the state of Iowa.
- c. The entity shall have a minimum of 40 members, and that membership shall include qualified community foundations.

261—46.4(80GA, HF692) Eligible applicants. Eligible applicants for endow Iowa grants include new and existing qualified community foundations and community affiliate organizations. Endow Iowa grant funds may be awarded to qualified community foundations and community affiliate organizations that do all of the following:

1. Provide the board with all information required by the board.
2. Demonstrate a dollar-for-dollar funding match in a form approved by the board.
3. Identify a qualified community foundation to hold all funds. A qualified community foundation shall not be required to meet this requirement.
4. Provide a plan to the board demonstrating the method for distributing grant moneys received from the board to organizations within the community or geographic area as defined by the qualified community foundation or the community affiliate organization.

261—46.5(80GA, HF692) Application and review criteria. The lead philanthropic entity shall develop and make available a standardized application pertaining to the distribution of endow Iowa grants. Subject to the availability of funds, applications will be reviewed on an ongoing basis and reviewed at least quarterly by the board. In ranking applications for grants, the board shall consider a variety of factors including, but not limited to, the following:

1. The demonstrated need for financial assistance.
2. The potential for future philanthropic activity in the area represented or being considered for assistance.
3. The proportion of the funding match being provided.
4. For community affiliate organizations, the demonstrated need for the creation of a community affiliate endowment fund in the applicant’s geographic area.
5. The identification of community needs and the manner in which additional funding will address those needs.
6. The geographic diversity of awards.

261—46.6(80GA, HF692) Reporting requirements. By January 31 of each year, pursuant to 2003 Iowa Acts, First Extraordinary Session, House File 692, division VIII, the lead philanthropic entity, in cooperation with the department, shall publish an annual report of the activities conducted during the previous calendar year and shall submit the report to the governor and general assembly. The annual report shall include a detailed listing of endow Iowa grant funds awarded by the lead philanthropic entity and the amount of endow Iowa tax credits authorized by the department.

These rules are intended to implement 2003 Iowa Acts, First Extraordinary Session, House File 692, sections 88 to 93.

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