

## **15E.51 Venture capital fund investment tax credits.**

1. For purposes of this section, "*venture capital fund*" means a private seed and venture capital partnership or entity fund that has been certified by the Iowa capital investment board created in section 15E.63, pursuant to subsection 7.
2. A tax credit shall be allowed against the taxes imposed in chapter 422, divisions II, III, and V, and in chapter 432, and against the moneys and credits tax imposed in section 533.24, for a portion of a taxpayer's equity investment in a venture capital fund. An individual may claim a tax credit under this section of a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to the individual. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings from the partnership, limited liability company, S corporation, estate, or trust.
3. The amount of a tax credit shall not exceed six percent of the taxpayer's equity investment in venture capital funds.
4. A taxpayer shall not claim a tax credit under this section if the taxpayer is a venture capital investment fund allocation manager for the Iowa fund of funds created in section 15E.65 or an investor that receives a tax credit for the same investment in a qualifying business as described in section 15E.44 or in a community-based seed capital fund as described in section 15E.45.
5.
  - a. The Iowa capital investment board created in section 15E.63 shall issue certificates which may be redeemed for tax credits. The Iowa capital investment board created in section 15E.63 shall issue certificates so that not more than a total of five million dollars of tax credits may be claimed. The certificates shall not be transferable.
  - b. The Iowa capital investment board created in section 15E.63 shall, in cooperation with the department of revenue, establish criteria and procedures for the allocation and issuance of tax credits by means of certificates issued by the Iowa capital investment board created in section 15E.63. The criteria shall include the contingencies that must be met for a certificate to be redeemable in order to receive a tax credit. The procedures established by the Iowa capital investment board created in section 15E.63, in cooperation with the department of revenue, shall relate to the procedures for the issuance of the certificates and for the redemption of a certificate and related tax credit.
6. A taxpayer shall not redeem a certificate and related tax credit prior to the third tax year following the tax year in which the investment is made. Any tax credit in excess of the taxpayer's liability for the tax year may be credited to the tax liability for the following five years or until depleted, whichever is earlier. A tax credit shall not be carried back to a tax year prior to the tax year in which the taxpayer claims the tax credit.
7. A venture capital fund shall submit an application for certification to the Iowa capital investment board created in section 15E.63. The board shall approve the application and certify the venture capital fund if all of the following criteria are met:
  - a. The venture capital fund is a private seed and venture capital partnership or entity fund.
  - b. The venture capital fund maintains a physical presence within the state of Iowa.
  - c. The venture capital fund makes a commitment to consider equity investments in businesses located within the state of Iowa.

2003 amendment to subsection 4 by 2003 Acts, ch 179, §99, takes effect May 30, 2003, and applies retroactively to January 1, 2002, for tax years beginning on or after that date; 2003 Acts, ch 179, §159

2004 amendment to subsection 4 applies retroactively to tax years beginning on or after January 1, 2004; 2004 Acts, ch 1148, §7