

**CHAPTER 1195****INCOME TAX EXEMPTION FOR AGRICULTURAL  
DEVELOPMENT AUTHORITY BONDS AND NOTES***S.F. 2115*

**AN ACT** relating to state income taxation by exempting certain bonds and notes issued by the agricultural development authority and providing a retroactive applicability date.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 422.7, subsection 19, Code Supplement 1989, is amended to read as follows:

19. Subtract interest earned on bonds and notes issued by the agricultural development authority as provided in section 175.17, subsection 10, ~~to the extent the interest is included in federal adjusted gross income.~~

Sec. 2. Section 422.35, subsection 13, Code Supplement 1989, is amended to read as follows:

13. Subtract the interest earned from bonds and notes issued by the agricultural development authority as provided in section 175.17, subsection 10, ~~to the extent the interest is included in federal taxable income.~~

Sec. 3.

This Act is retroactively applicable for tax years beginning on or after January 1, 1989.

Approved April 26, 1990

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**CHAPTER 1196****SEED CAPITAL TAX CREDIT, AND EXPEDITED REGISTRATION  
OF SMALL ISSUES OF SECURITIES***S.F. 2411*

**AN ACT** providing a seed capital income tax credit, authorizing expedited registration by filing for small issues under the state securities law, and providing effective and applicability dates.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. NEW SECTION. 422.11D SEED CAPITAL CREDIT.

1. The taxes imposed under this division less credits allowed under sections 422.10, 422.11A, 422.11B, 422.12, and 422.12B, shall be reduced by a seed capital credit. An individual may claim the seed capital credit allowed a partnership, subchapter S corporation, or estate or trust electing to have the 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 of a partnership, subchapter S corporation, or estate or trust.

2. The amount of the credit is equal to ten percent of a taxpayer's investment, during the tax year, in an initial offering of securities by a qualified business or a qualified seed capital fund.

3. A seed capital fund, to be a qualified seed capital fund under this section, must meet all of the following conditions:

a. The investment must be in shares or other equity interests, which are purchased for money consideration and carry voting rights.

b. The issue of shares or other equity interests must be registered under an expedited registration by filing system as provided in section 502.207A.