

**15E.52 Innovation fund investment tax credits.**

1. For purposes of this section, unless the context otherwise requires:
  - a. “Board” means the same as defined in section 15.102.
  - b. “Innovation fund” means one or more early-stage capital funds certified by the board.
  - c. “Innovative business” means a business applying novel or original methods to the manufacture of a product or the delivery of a service. “Innovative business” includes but is not limited to a business engaged in the industries of advanced manufacturing, biosciences, and information technology.
2. a. 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 533.329, for a portion of a taxpayer’s equity investment in the form of cash in an innovation fund.
  - b. 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 allowed under this section shall equal twenty percent of the taxpayer’s equity investment in an innovation fund.
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 board shall issue certificates under this section which may be redeemed for tax credits. The board shall issue such certificates so that not more than the amount allocated for such tax credits under section 15.119, subsection 2, may be claimed. The certificates shall not be transferable.
  - b. The board 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 board. 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 board, 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. An innovation fund shall submit an application for certification to the board. The board shall approve the application and certify the innovation fund if all of the following criteria are met:
  - a. The fund is organized for the purposes of making investments in promising early-stage companies which have a principal place of business in the state.
  - b. The fund proposes to make investments in innovative businesses.
  - c. The fund seeks to secure private funding sources for investment in such businesses.

2011 Acts, ch 118, §23, 36, 89; 2011 Acts, ch 130, §40, 47, 71; 2012 Acts, ch 1126, §33

Referred to in §15.119, 15.411, 422.11Z, 422.33, 422.60, 432.12M, 533.329

[SP] Section applies retroactively to January 1, 2011, for tax years beginning and investments made on or after that date; 2011 Acts, ch 118, §36; 2011 Acts, ch 130, §47

[T] Subsection 1, paragraph c amended