

15E.44 Qualifying businesses.

1. In order for an equity investment to qualify for a tax credit, the business in which the equity investment is made shall, within one hundred twenty days of the date of the first investment, notify the authority of the names, addresses, shares issued, consideration paid for the shares, and the amount of any tax credits, of all shareholders who may initially qualify for the tax credits. The list of shareholders who may qualify for the tax credits shall be amended as new equity investments are sold or as any information on the list shall change.

2. In order to be a qualifying business, a business must meet all of the following criteria:

a. The principal business operations of the business are located in this state.

b. The business has been in operation for six years or less.

c. The business is participating in an entrepreneurial assistance program. The authority may waive this requirement if a business establishes that its owners, directors, officers, and employees have an appropriate level of experience such that participation in an entrepreneurial assistance program would not materially change the prospects of the business. The authority may consult with outside service providers in consideration of such a waiver.

d. The business is not a business engaged primarily in retail sales, real estate, or the provision of health care or other services that require a professional license.

e. The business shall not have a net worth that exceeds ten million dollars.

f. The business shall have secured all of the following at the time of application for tax credits:

(1) At least two investors.

(2) Total equity financing, binding investment commitments, or some combination thereof, equal to at least five hundred thousand dollars, from investors. For purposes of this subparagraph, “investor” includes a person who executes a binding investment commitment to a business.

3. A qualifying business shall have the burden of proof to demonstrate to the authority its qualifications under [this section](#), and shall have the obligation to notify the authority in a timely manner of any changes in the qualifications of the business or in the eligibility of investors to redeem the investment tax credits in any tax year.

4. After verifying the eligibility of a qualifying business, the authority shall issue a tax credit certificate to be included with the equity investor’s tax return. The tax credit certificate shall contain the taxpayer’s name, address, tax identification number, the amount of credit, the name of the qualifying business, and other information required by the department of revenue. The tax credit certificate, unless rescinded by the authority, shall be accepted by the department of revenue as payment for taxes imposed pursuant to [chapter 422, divisions II, III, and V](#), and in [chapter 432](#), and for the moneys and credits tax imposed in [section 533.329](#), subject to any conditions or restrictions placed by the authority upon the face of the tax credit certificate and subject to the limitations of [section 15E.43](#).

[2002 Acts, ch 1006, §4, 13; 2003 Acts, ch 145, §286; 2004 Acts, ch 1148, §3, 7; 2005 Acts, ch 157, §2; 2007 Acts, ch 174, §84; 2007 Acts, ch 186, §1; 2011 Acts, ch 130, §39, 46, 47, 71; 2014 Acts, ch 1093, §5; 2014 Acts, ch 1124, §4, 5, 8; 2015 Acts, ch 138, §116, 117, 126, 128](#)

Referred to in [§15E.42, §15E.52](#)

2014 amendments to subsection 1 and subsection 2, paragraph f apply retroactively to tax years beginning and investments made on or after January 1, 2014; [2014 Acts, ch 1124, §8](#)

2015 amendments to subsection 2 take effect July 2, 2015, and apply to businesses submitting applications to the economic development authority on or after that date to be registered as a qualifying business; [2015 Acts, ch 138, §126, 128](#)