

15E.27 Investment tax credits.

1. *a.* For tax years beginning on or after January 1, 2025, a tax credit shall be allowed against the taxes imposed in [chapter 422, subchapters 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, as provided in [subsection 2](#), in a qualifying business.

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.

c. A tax credit shall be allowed only for an investment made in the form of cash to purchase equity in a qualifying business.

d. An affiliate of a qualifying business or an affiliate of a qualifying business's principals shall not be eligible for a tax credit under [this section](#).

e. (1) For a tax credit claimed against the taxes imposed on any of the following, any tax credit in excess of the tax liability is refundable:

(a) A tax credit claimed against the taxes imposed in [chapter 422, subchapters II, III, and V](#).

(b) A tax credit claimed against the taxes imposed in [chapter 432](#).

(c) A tax credit claimed against the moneys and credits tax imposed in [section 533.329](#).

(2) A tax credit shall not be carried back to a tax year prior to the tax year in which the taxpayer redeems the tax credit.

f. In lieu of claiming a refund, a taxpayer may elect to have the overpayment shown on the taxpayer's final, completed return credited to the tax liability for the immediately succeeding tax year.

2. *a.* The amount of the tax credit shall equal twenty percent of the taxpayer's equity investment if the qualifying business is located in an urban area at the time of the investment. The amount of the tax credit shall equal thirty-five percent of the taxpayer's equity investment if the qualifying business is located in a rural area at the time of the investment.

b. (1) The maximum amount of a tax credit that may be issued per fiscal year to a natural person and the person's spouse or dependent shall not exceed one hundred thousand dollars combined. For purposes of this subparagraph, "*dependent*" has the same meaning as defined by the Internal Revenue Code.

(2) The maximum amount of a tax credit that may be issued per fiscal year to a corporation or other entity shall not exceed one hundred thousand dollars.

(3) An application received by the authority that exceeds the maximum amount of tax credits permitted by this paragraph shall be denied, in whole or in part, regardless of whether the investment would otherwise be eligible to qualify for a tax credit.

(4) For purposes of this paragraph, a tax credit issued to a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to the individual shall be deemed to be issued to the individual owners based upon the pro rata share of the individual's earnings from the entity.

c. The maximum amount of tax credits that may be issued per fiscal year for equity investments in any one qualifying business shall not exceed five hundred thousand dollars. An application received by the authority that exceeds the maximum amount of tax credits permitted by this paragraph shall be denied, in whole or in part, regardless of whether the investment would otherwise be eligible to qualify for a tax credit.

3. An investment shall be deemed to have been made on the same date as the date of acquisition of the equity interest as determined by the Internal Revenue Code.

4. The authority shall not issue tax credits under [this section](#) in excess of the amount approved by the authority for any one fiscal year pursuant to [section 15.119, subsection 2, paragraph "a"](#).

5. A tax credit shall not be transferred to any other person.

6. The authority shall develop a system for registration and issuance of tax credits authorized pursuant to [this subchapter](#) and shall control distribution of all tax credit

certificates to investors pursuant to [this subchapter](#). The authority shall develop rules for the qualification and administration of qualifying businesses. The department of revenue shall adopt rules pursuant to [chapter 17A](#) as necessary for the administration of [this subchapter](#).

[2025 Acts, ch 136, §62](#)

Referred to in [§15E.28](#), [422.11F](#), [422.33](#), [422.60](#), [432.12C](#), [533.329](#)
NEW section