

15E.28 Qualifying businesses.

1. To determine whether a business is a qualifying business, a business shall submit an application to the authority that is accompanied by a nonrefundable application fee. A business must be certified by the authority as a qualifying business in order for an investor's equity investment to qualify for a tax credit.

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

a. The principal business operations, and a majority of employees, of the business are located in this state.

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

c. The business has at least one full-time equivalent employee.

d. The business's primary operations are in advanced manufacturing, bioscience, insurance and finance, and technologies. The business shall not be primarily engaged in retail sales, real estate, the provision of health care, or the provision of services that require a professional license. In determining whether a business is primarily engaged in advanced manufacturing, biosciences, insurance and finance, or technologies, the authority shall consider the business's North American industry classification system code, the business's main sources of revenue, and the business's customer base.

e. The business is an independent organization that is not part of, or an affiliate of, a business that is not a qualifying business.

f. The business shall establish that its owners, directors, officers, and employees have an appropriate level of experience consistent with the nature of the business. The authority may consult with outside service providers to determine whether a business meets the requirement of this paragraph. A business that has participated in an entrepreneurial assistance program shall be presumed to meet the requirement of this paragraph.

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

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

(1) At least two investors. For purposes of this subparagraph, "investor" includes a person who executes a binding investment commitment to a qualifying business, and does not include an affiliate of a qualifying business or an affiliate of a qualifying business's principals.

(2) Total equity financing, binding investment commitments, or some combination thereof, equal to at least five hundred thousand dollars, from investors.

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. The authority may revoke the certification of a qualifying business that no longer meets the requirements of [this section](#).

4. A business that has been certified by the authority as a qualifying business shall annually submit an application to the authority that documents continued eligibility as a qualifying business and any investments that may qualify for a tax credit. The business shall submit the application to the authority during an annual application period designated by the authority by rule.

5. Based on the applications submitted by qualifying businesses pursuant to [subsection 4](#), the authority shall make an initial allocation of tax credits in the order in which the applications are received until the maximum amount of tax credits determined by the board pursuant to [section 15.119, subsection 2](#), is reached. Equity investors that are eligible for a tax credit based on such initial allocation shall submit any additional information requested by the authority necessary to verify the eligibility of the investor and to issue a tax credit certificate. An equity investor that does not submit the required information may be denied a tax credit. If any equity investor included in the initial allocation is denied a tax credit, the authority may allocate such tax credits to equity investors that were not included in the initial allocation.

6. Upon receipt of all required information from a qualifying business and an equity investor, the director of the authority may approve issuance of 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 tax credit, the name of the qualifying business, and any 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, subchapters 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.27](#).

[2025 Acts, ch 136, §63](#)

Referred to in [§15E.26, 15E.52](#)

NEW section