

123—4.2 (15E) Definitions. The following definitions are applicable to this chapter:

“*Act*” means Iowa Code sections 15E.61 through 15E.69.

“*Actual return*” means the actual aggregate amount of moneys or the fair market value of property received from a fund of funds by a designated investor, with respect to an investment amount for which a certificate is issued, including amounts received as returns of invested capital or returns on invested capital and amounts received in excess of invested capital, in whatever form received for the period from the date of the closing to the applicable maturity date.

“*Board*” means the Iowa capital investment board created under Iowa Code section 15E.63.

“*Certificate*” or “*tax credit certificate*” means a document constituting a contract between the state of Iowa and a holder and evidencing a tax credit that has been issued and, subject to the contingencies described on the certificate, that may become available to the holder.

“*Certificate register*” means the register to be maintained by the department recording the name, address, and taxpayer identification number of each holder and the maximum potential amount of the tax credits represented by each certificate issued to each holder.

“*Closing*” means a time when a certificate is issued to a designated investor in exchange for a commitment to contribute cash to the capital of a fund of funds.

“*Commitment*” or “*commits*” means either a binding obligation undertaken at a closing to invest in a fund of funds in the future or an actual investment made in a fund of funds, but without counting the same amount twice.

“*Contingencies*” shall mean the conditions under which a tax credit may be claimed and shall include each of the following:

1. The condition that the tax credits may only be used to the extent that the actual return on the investment amount associated with the certificate is less than the applicable scheduled return on such investment amount, and then only to the extent such tax credit becomes a verified tax credit;
2. The condition that the amount of the total verified tax credits represented by such certificate that first may be claimed during any redemption year will be limited to the amount verified by the board to the department;
3. The condition that no amount of the tax credit may be claimed prior to a maturity date stated on the certificate; and
4. The condition that receipt by the designated investor of an actual return on the investment amount associated with the certificate equal to the scheduled return on such investment amount will result in the cancellation of the tax credit certificate.

“*Day*” means any weekday Monday through Friday that is not a legal holiday in the state of Iowa.

“*Department*” means the Iowa department of revenue.

“*Designated investor*” means a natural person or an entity, other than the Iowa capital investment corporation or the revolving fund, that has committed to contribute capital to a fund of funds, and such person’s or entity’s successors and assignees.

“*Fiscal year*” means the fiscal year for the state of Iowa.

“Fund of funds” means any private, for-profit limited partnership or limited liability company established by the Iowa capital investment corporation to which a designated investor commits to make a capital contribution.

“Holder” means a holder of a tax credit certificate, either as a designated investor or as a transferee of a designated investor, as reflected on the certificate register.

“Investment amount” means the amount of cash contributed by a designated investor to a fund of funds with respect to which a certificate has been issued.

“Iowa capital investment corporation” means the private, nonprofit corporation created pursuant to Iowa Code section 15E.64.

“Maturity date” means a specific date or dates specified in a certificate, representing the earliest date on which a holder of the certificate may use it to satisfy tax liabilities.

“Percentage of return” means the percentage represented by the quotient of (1) the actual return for a designated investor on the investment amount associated with a certificate divided by (2) the scheduled return for such designated investor on such investment amount.

“Portfolio entity” means a venture capital fund or direct investment entity in which a fund of funds makes an investment.

“Redeem” means, with respect to a certificate, to present such certificate to the department as payment for tax liabilities due or to become due on or after the date of such presentation.

“Redemption year” means each calendar year for which verified tax credits associated with a certificate may first be utilized to reduce tax liabilities.

“Revolving fund” means the private, for-profit limited liability company established by the Iowa capital investment corporation as a revolving fund of funds pursuant to Iowa Code section 15E.65.

“Scheduled return” means the scheduled return, whether in money or property, (including returns of and returns on investment) with respect to an investment amount associated with a certificate issued to a designated investor in a fund of funds determined in accordance with the limited partnership agreement or the operating agreement of such fund of funds for the period from the date of the closing to the applicable maturity date. If relevant for determining the amount of the scheduled return, the board shall presume that a verified tax credit will be transferred at 100 percent of the amount stated on the verified tax credit. It shall be the burden of a designated investor to show that the verified tax credit cannot be transferred without discounting the amount stated on such credit.

“Tax credit” means a contingent tax credit authorized pursuant to Iowa Code section 15E.66 that is available against tax liabilities up to the amount stated on the certificate for such tax credit.

“Tax liabilities” means those tax liabilities identified in rule 123—4.1(15E).

“Verified tax credits” means tax credits that have been verified by the board to the department and to the holder of the certificate that represents such tax credits. In the event that the verified tax credits are different from the amount certified by the Iowa capital investment corporation, the amount verified by the board shall control.

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