

**123—2.6(15E) Issuance and distribution of investment tax credits.** Upon verification and registration by the board of a qualifying business or community-based seed capital fund and approval of the taxpayer's application, the board shall issue a tax credit certificate to the applicant, provided, however, that such tax credit certificate shall be subject to rescission by the board pursuant to rule 123—2.9(15E). The tax credit certificate shall be in a form approved by the board and shall contain the taxpayer's name, address, and tax identification number, the amount of credit, the name of the qualifying business or community-based seed capital fund, the year in which the credit may be redeemed and any other information that may be required by the department of revenue. In addition, the tax credit certificate shall contain the following statement:

The Iowa Capital Investment Board has not recommended or approved this investment or passed on the merits or risks of such investment. Investors should rely solely on their own investigation and analysis and seek investment, financial, legal and tax advice before making their own decision regarding investment in this enterprise.

A tax credit shall equal 20 percent of the taxpayer's equity investment in a qualifying business or community-based seed capital fund. The maximum amount of a tax credit for an investment by an investor in any one qualifying business shall be \$50,000. Each year, an investor and all affiliates of the investor shall not claim tax credits under this rule for more than five different investments in five different qualifying businesses. An investor in a community-based seed capital fund shall receive a tax credit pursuant to this rule only for the investor's investment in the community-based seed capital fund and shall not receive any additional tax credit for the investor's share of investments in a qualifying business made by the community-based seed capital fund or in an Iowa-based seed capital fund with at least 40 percent of its committed capital subscribed by community-based seed capital funds. However, an investor in a community-based seed capital fund may receive a tax credit under this rule with respect to a separate direct investment made by the investor in the same qualifying business in which the community-based seed capital fund invests.

The aggregate amount of tax credits issued pursuant to this rule shall not exceed a total of \$10 million. The total amount of tax credits issued during the fiscal year beginning July 1, 2002, shall not exceed \$3 million. The total amount of tax credits issued during the fiscal year beginning July 1, 2003, shall not exceed \$3 million. The total amount of tax credits issued during the fiscal year beginning July 1, 2004, shall not exceed \$4 million. Any amount of the \$10 million of total tax credits that have not been issued by June 30, 2005, may be issued for a fiscal year beginning July 1, 2005, and for any other subsequent fiscal years until the \$10 million limitation is met. No more than \$3 million of tax credits may be issued for any one fiscal year beginning July 1, 2005, and for any subsequent fiscal year. If, during any fiscal year during which tax credits are to be issued under this rule, applications are approved for more than the amount of credits authorized by 2002 Iowa Acts, chapter 1006, section 3(4), the applicants shall receive tax credit certificates on a first-come, first-served basis, until the amount of credits authorized for issuance has been exhausted. Any tax credits approved but unissued shall be carried over to the next fiscal year, and the board shall, during the next fiscal year, give priority to applicants' tax credits carried over from a prior fiscal year by (1) issuing tax credit certificates to the taxpayers for such carryover tax credits before issuing any new tax credits; and (2) applying the aggregate amount of the credits carried over against the total amount of tax credits to be issued during such fiscal year before approving or issuing new tax credits.