



IEDA Legislative Annual Reports – Innovation Fund Tax Credit Program

Innovation Fund Tax Credit

The Innovation Fund Tax Credit Program was established under Iowa Code section 15E.52 to encourage venture capital investment in innovative Iowa based businesses. The Iowa Economic Development Authority administers the program pursuant to Iowa Administrative Code chapter 261 Chapter 116.

Under the program, certified innovation funds make equity investments in innovative businesses with a principal place of business in Iowa. An innovative business is defined in Iowa Code section 15E.52 as a business applying novel or original methods to the manufacture of a product or the delivery of a service, including businesses in advanced manufacturing, biosciences, and information technology.

To be certified, an innovation fund must meet the criteria established in Iowa Code section 15E.52 and Iowa Administrative Code chapter 261 Chapter 116. These criteria include proposing to provide early stage and follow on capital to high growth innovative businesses, using a rigorous evaluation process, coordinating with the authority and other state and local entities to achieve policy consistency, collaborating with Iowa regents institutions to support potential commercialization of research, and securing private capital for investment.

Applications for certification are reviewed by IEDA staff for compliance with statutory and administrative rule requirements and are presented to the IEDA Board for consideration. As of June 30, 2025, five innovation funds were certified: Next Level Ventures Fund I LLLP, Next Level Ventures Fund II LLLP, Next Level Ventures Fund III LLLP, ISA Ventures Fund LLLP, and 2946 Ventures Fund I.

To receive an Innovation Fund tax credit certificate, an eligible investment must be made through a fund certified under Iowa Code section 15E.52 and Iowa Administrative Code Chapter 261 Chapter 116. Investors must submit applications during the annual filing window of September 1 through December 31 of the calendar year in which the investment was made. Tax credits are allocated by the Iowa Economic Development Authority on a first come first served basis, subject to annual program limits and in accordance with the procedures established by rule. A tax credit certificate may be transferred once, and unused credits may be carried forward for up to five tax years.

Program Changes Effective Fiscal Year 2026

Legislation enacted during the 2025 legislative session reduced the minimum binding investment commitment and investment threshold required for an innovation fund to three million dollars and established a shared allocation of \$10 million for the program and the new seed investor tax credit created in the same legislation. To manage the shared allocation, a new annual filing window for tax credit applications and additional reporting requirements have been established in updated administrative rules.

Tax Credit Totals

The total amount of tax credits available for investment in Innovation Funds for fiscal year 2025 was \$8 million. IEDA issued a total of \$1,544,860.75 in tax credits in FY2025.



During Fiscal Year 2025, Innovation Fund Tax Credit claims totaled \$1,061,094. The amount of tax credits transferred totaled \$43,605.

Certified Fund Information

Fund	Date Certified	Tax Credits Issued in FY2025	Investments in fund in FY2025	Investments in fund since creation (through 6/30/25)
Next Level Ventures Fund I	May 17, 2013	\$0	\$0	\$38,250,000
Next Level Ventures Fund II	April 20, 2018	\$315,539.75	\$801,138	\$41,628,407
Next Level Ventures Fund III	June 21, 2024	\$156,196	\$2,792,444	\$2,792,444
ISA Ventures Fund	October 18, 2019	\$1,073,125	\$3,875,000	\$22,006,000
2946 Ventures Fund I	December 19, 2025*	\$0	\$0	\$0

*2946 Ventures Fund I was originally certified on 2/21/2025. On 12/19/2025, the IEDA board approved recertification at the new threshold for investments of \$3M.

Investments into Innovative Iowa Businesses FY2025

Iowa Business	Investment Amount	Industry	Location	Employees at date of initial investment		Employees as of 6/30/2025	
				Iowa	Non-Iowa	Iowa	Non-Iowa
Genvax Technologies	\$749,998	Biosciences	Ames, IA	10.5	2	10.5	2
Gross-Wen Technologies	\$649,936	Advanced Manufacturing	Slater, IA	23	3	23	3
ModAdvisor - SAFE	\$100,000	Software as a Service (SaaS)	West Des Moines, IA	1	1	3	4
Pitchly	100,000	Information Technology	Des Moines, IA	5	1	5	12
Mazen	\$60,000	Biosciences	Ames, IA	2	1	0	0
WinPro	\$73,268	Biosciences	Coralville, IA	2	0	4.5	5
Hummingbirds	\$249,998	Information Technology	Des Moines, IA	3	0	17	19
iotaMotion	\$388,715	Biosciences	Iowa City, IA	4	8	5	46

Footnote

Investor details related to this credit are confidential individual tax information pursuant to Iowa Code sections 422.20 and 422.72.