Legislative Services Agency
State Capitol, 1007 E. Grand Avenue, Des Moines, Iowa 50319, 515.281.3566
Fiscal Services Division

Fiscal Topic

Tax Credit: Seed Investor Tax Credit

November 10, 2026

Purpose

The Seed Investor Tax Credit is equal to 20.0% of a taxpayer's equity investment in an urban area qualifying business and 35.0% of a taxpayer's equity investment in a rural area qualifying business. The maximum value of credits that an investor may be awarded is $100,000 per year, including awards to the investor's spouse or dependents. The maximum value of tax credits awarded for investments in a qualifying business in a year is limited to $500,000. Investments must be at least $10,000.

The Seed Investor Tax Credit is subject to a joint award cap of $10.0 million with the Innovation Fund Tax Credit. The Iowa Economic Development Authority (IEDA) Board determines the allocation of the cap for the two credits each year. Both credits are also included in the $110.0 million annual aggregate tax credit limit for business development tax credits under the IEDA.

To be certified as a qualifying business whose investors are eligible to receive a Seed Investor Tax Credit, a business must meet the following criteria:

- Have a majority of its employees and principal operations located in Iowa.
- Be in operation for five years or less.
- Have at least one full-time equivalent employee.
- Operate primarily in the field of advanced manufacturing, bioscience, insurance and finance, or technologies.
- Be an independent organization and not an affiliate.
- Have an appropriate level of experience for its owners and employees consistent with the nature of the business.
- Have a net worth of $10.0 million or less.
- Have at least two investors providing investments of at least $500,000.

The Seed Investor Tax Credit is the successor to the Angel Investor Tax Credit, also known as the Investments in Qualifying Businesses Tax Credit.

Tax Credit Background

- Enabling Legislation: 2025 Iowa Acts, chapter 136 (Tax Credits and Incentives and Economic Development Programs Act)
- Iowa Code Citations:
  - Section 15.119 — Award Limitation
  - Sections 15E.25, 15E.26, 15E.27, 15E.28, and 15E.29 — Program Description
  - Section 422.11F(1) — Individual Income Tax
  - Section 422.33(12)(a) — Corporate Income Tax
  - Section 422.60(5)(a) — Franchise Tax

- Section 432.12C(1) — Insurance Premium Tax
- Section 533.329(2)(d) — Moneys and Credits Tax

- Administrative State Agencies: IEDA, Iowa Department of Revenue (IDR)
- Sunset Date: None
- Transferable: No
- Refundable: Yes
- Carryforward: Credits in excess of tax liability may be carried forward to the immediately succeeding tax year.
- Tax Review Committee Review Year: None

Legislative History

The Seed Investor Tax Credit became effective July 1, 2025.

Tax Credit Review, Usage, and Future Liability

The IDR reports on the annual credit usage for the Seed Investor Tax Credit in its periodic Contingent Liabilities Report. Based on Table 8 of the report, the following figures provide credit redemption history and projections for the credit on a fiscal year basis. The red bars of **Figure 2** are the IDR projections of future redemptions.

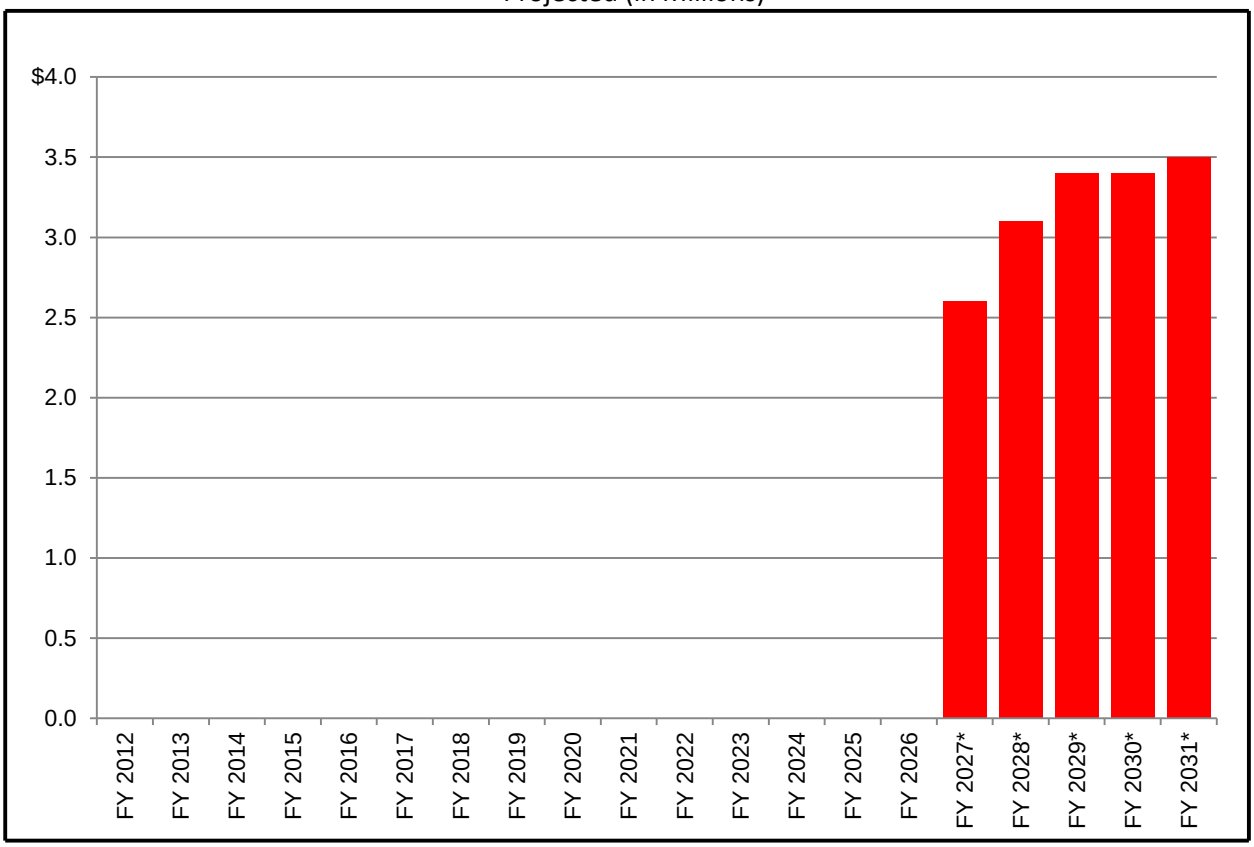
Figure 1 — Seed Investor Tax Credit History

*Projected

Fiscal Year	Tax Credit Redemptions	Fiscal Year	Tax Credit Redemptions
FY 2012	$ 0	FY 2022	$ 0
FY 2013	0	FY 2023	0
FY 2014	0	FY 2024	0
FY 2015	0	FY 2025	0
FY 2016	0	FY 2026	0
FY 2017	0	FY 2027*	2,600,000
FY 2018	0	FY 2028*	3,100,000
FY 2019	0	FY 2029*	3,400,000
FY 2020	0	FY 2030*	3,400,000
FY 2021	0	FY 2031*	3,500,000

Figure 2 — Seed Investor Tax Credit Redemptions

*Projected (in Millions)



Additional Information

For additional information, visit:

- Iowa Department of Revenue Contingent Liabilities Report
- Iowa Department of Revenue Tax Credit Users' Manual
- Legislative Services Agency Individual Income Tax Guide

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