

Sievers, Ch.
Finch
Hoversten
Winckler
Osterhaus

HSB 707

WAYS AND MEANS

Succeeded By
HOUSE FILE _____ SF 02586
BY (PROPOSED COMMITTEE ON WAYS
AND MEANS BILL BY
CHAIRPERSON VAN FOSSEN)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act allowing a tax credit for equity investments in venture
2 capital funds and including an effective and retroactive
3 applicability date provision.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. 15E.51 VENTURE CAPITAL FUND
2 INVESTMENT TAX CREDITS.

3 1. For purposes of this section, "venture capital fund"
4 means a private seed and venture capital partnership or entity
5 fund.

6 2. A tax credit shall be allowed against the taxes imposed
7 in chapter 422, divisions II, III, and V, and in chapter 432,
8 and against the moneys and credits tax imposed in section
9 533.24, for a portion of a taxpayer's equity investment in a
10 venture capital fund. An individual may claim a tax credit
11 under this section of a partnership, limited liability
12 company, S corporation, estate, or trust electing to have
13 income taxed directly to the individual. The amount claimed
14 by the individual shall be based upon the pro rata share of
15 the individual's earnings from the partnership, limited
16 liability company, S corporation, estate, or trust.

17 3. The amount of a tax credit shall not exceed six percent
18 of the taxpayer's equity investment in venture capital funds.

19 4. The aggregate amount of tax credits that may be issued
20 pursuant to this section shall not exceed five million
21 dollars.

22 5. A taxpayer shall not claim the tax credit prior to the
23 third tax year following the tax year in which the investment
24 is made. Any tax credit in excess of the taxpayer's liability
25 for the tax year may be credited to the tax liability for the
26 following five years or until depleted, whichever is earlier.
27 A tax credit shall not be carried back to a tax year prior to
28 the tax year in which the taxpayer claims the tax credit.

29 Sec. 2. NEW SECTION. 422.11G VENTURE CAPITAL FUND
30 INVESTMENT TAX CREDIT.

31 The tax imposed under this division, less the credits
32 allowed under sections 422.12 and 422.12B, shall be reduced by
33 a venture capital fund investment tax credit authorized
34 pursuant to section 15E.51.

35 Sec. 3. Section 422.33, Code Supplement 2001, is amended

1 by adding the following new subsection:

2 NEW SUBSECTION. 13. The taxes imposed under this division
3 shall be reduced by a venture capital fund investment tax
4 credit authorized pursuant to section 15E.51.

5 Sec. 4. Section 422.60, Code 2001, is amended by adding
6 the following new subsection:

7 NEW SUBSECTION. 5. The taxes imposed under this division
8 shall be reduced by a venture capital fund investment tax
9 credit authorized pursuant to section 15E.51.

10 Sec. 5. NEW SECTION. 432.12B VENTURE CAPITAL FUND
11 INVESTMENT TAX CREDIT.

12 The tax imposed under this chapter shall be reduced by a
13 venture capital fund investment tax credit authorized pursuant
14 to section 15E.51.

15 Sec. 6. Section 533.24, Code 2001, is amended by adding
16 the following new unnumbered paragraph:

17 NEW UNNUMBERED PARAGRAPH. The moneys and credits tax
18 imposed under this section shall be reduced by an investment
19 tax credit authorized pursuant to section 15E.51.

20 Sec. 7. IMPLEMENTATION OF ACT -- MONEYS AND CREDITS TAX.
21 Section 25B.7 shall not apply to the tax credit authorized
22 pursuant to section 15E.51 and allowed against the moneys and
23 credits tax.

24 Sec. 8. EFFECTIVE AND RETROACTIVE APPLICABILITY DATE
25 PROVISIONS. This Act, being deemed of immediate importance,
26 takes effect upon enactment and applies retroactively to
27 January 1, 2002, for tax years beginning on or after that
28 date.

29 EXPLANATION

30 This bill allows a tax credit for equity investments in
31 venture capital funds against personal, corporate, franchise,
32 insurance premium, and moneys and credits taxes.

33 The bill provides that the amount of the tax credit shall
34 not exceed 6 percent of the taxpayer's equity investment in
35 venture capital funds. The bill provides that the aggregate

1 amount of tax credits issued pursuant to this bill shall not
2 exceed \$5 million.

3 The bill provides a taxpayer shall not claim the tax credit
4 prior to the third tax year following the tax year in which
5 the investment is made. The bill provides that any tax credit
6 in excess of the taxpayer's liability for the tax year may be
7 credited to the tax liability for the following five years or
8 until depleted, whichever is earlier. The bill provides that
9 a tax credit shall not be carried back to a tax year prior to
10 the tax year in which the taxpayer claims the tax credit.

11 The bill provides that state funding requirements shall not
12 apply to tax credits allowed against the moneys and credits
13 tax.

14 The bill takes effect upon enactment and applies
15 retroactively to January 1, 2002, for tax years beginning on
16 or after that date.

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MAR 12 2002
WAYS & MEANS CALENDAR

REPRINTED

HOUSE FILE 2586
BY COMMITTEE ON WAYS
AND MEANS

(SUCCESSOR TO HSB 707)

(P. 962) Passed House, Date 3-25-02 Passed Senate, Date 4-4-02
Vote: Ayes 91 Nays 2 Vote: Ayes 49 Nays 0
Approved 5/8/02

A BILL FOR

1 An Act allowing a tax credit for equity investments in venture
2 capital funds and including an effective and retroactive
3 applicability date provision.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2586

1 Section 1. NEW SECTION. 15E.51 VENTURE CAPITAL FUND
2 INVESTMENT TAX CREDITS.

3 1. For purposes of this section, "venture capital fund"
4 means a private seed and venture capital partnership or entity
5 fund that has been certified by the department of economic
6 development pursuant to subsection 6.

7 2. A tax credit shall be allowed against the taxes imposed
8 in chapter 422, divisions II, III, and V, and in chapter 432,
9 and against the moneys and credits tax imposed in section
10 533.24, for a portion of a taxpayer's equity investment in a
11 venture capital fund. An individual may claim a tax credit
12 under this section of a partnership, limited liability
13 company, S corporation, estate, or trust electing to have
14 income taxed directly to the individual. The amount claimed
15 by the individual shall be based upon the pro rata share of
16 the individual's earnings from the partnership, limited
17 liability company, S corporation, estate, or trust.

18 3. The amount of a tax credit shall not exceed six percent
19 of the taxpayer's equity investment in venture capital funds.

20 4. a. The department of economic development shall issue
21 certificates which may be redeemed for tax credits. The
22 department of economic development shall issue certificates so
23 that not more than a total of five million dollars of tax
24 credits may be claimed. The certificates shall not be
25 transferable.

26 b. The department of economic development shall, in
27 cooperation with the department of revenue and finance,
28 establish criteria and procedures for the allocation and
29 issuance of tax credits by means of certificates issued by the
30 department of economic development. The criteria shall
31 include the contingencies that must be met for a certificate
32 to be redeemable in order to receive a tax credit. The
33 procedures established by the department of economic
34 development, in cooperation with the department of revenue and
35 finance, shall relate to the procedures for the issuance of

1 the certificates and for the redemption of a certificate and
2 related tax credit.

3 5. A taxpayer shall not redeem a certificate and related
4 tax credit prior to the third tax year following the tax year
5 in which the investment is made. Any tax credit in excess of
6 the taxpayer's liability for the tax year may be credited to
7 the tax liability for the following five years or until
8 depleted, whichever is earlier. A tax credit shall not be
9 carried back to a tax year prior to the tax year in which the
10 taxpayer claims the tax credit.

11 6. A venture capital fund shall submit an application for
12 certification to the department of economic development. The
13 department shall approve the application and certify the
14 venture capital fund if all of the following criteria are met:

15 a. The venture capital fund is a private seed and venture
16 capital partnership or entity fund.

17 b. The venture capital fund maintains a physical presence
18 within the state of Iowa.

19 c. The venture capital fund makes a commitment to consider
20 equity investments in businesses located within the state of
21 Iowa.

22 Sec. 2. NEW SECTION. 422.11G VENTURE CAPITAL FUND
23 INVESTMENT TAX CREDIT.

24 The tax imposed under this division, less the credits
25 allowed under sections 422.12 and 422.12B, shall be reduced by
26 a venture capital fund investment tax credit authorized
27 pursuant to section 15E.51.

28 Sec. 3. Section 422.33, Code Supplement 2001, is amended
29 by adding the following new subsection:

30 NEW SUBSECTION. 13. The taxes imposed under this division
31 shall be reduced by a venture capital fund investment tax
32 credit authorized pursuant to section 15E.51.

33 Sec. 4. Section 422.60, Code 2001, is amended by adding
34 the following new subsection:

35 NEW SUBSECTION. 5. The taxes imposed under this division

1 shall be reduced by a venture capital fund investment tax
2 credit authorized pursuant to section 15E.51.

3 Sec. 5. NEW SECTION. 432.12B VENTURE CAPITAL FUND
4 INVESTMENT TAX CREDIT.

5 The tax imposed under this chapter shall be reduced by a
6 venture capital fund investment tax credit authorized pursuant
7 to section 15E.51.

8 Sec. 6. Section 533.24, Code 2001, is amended by adding
9 the following new unnumbered paragraph:

10 NEW UNNUMBERED PARAGRAPH. The moneys and credits tax
11 imposed under this section shall be reduced by an investment
12 tax credit authorized pursuant to section 15E.51.

13 Sec. 7. IMPLEMENTATION OF ACT -- MONEYS AND CREDITS TAX.
14 Section 25B.7 shall not apply to the tax credit authorized
15 pursuant to section 15E.51 and allowed against the moneys and
16 credits tax.

17 Sec. 8. EFFECTIVE AND RETROACTIVE APPLICABILITY DATE
18 PROVISIONS. This Act, being deemed of immediate importance,
19 takes effect upon enactment and applies retroactively to
20 January 1, 2002, for tax years beginning on or after that
21 date.

22 EXPLANATION

23 This bill allows a tax credit for equity investments in
24 venture capital funds against personal, corporate, franchise,
25 insurance premium, and moneys and credits taxes.

26 The bill provides that the amount of the tax credit shall
27 not exceed 6 percent of the taxpayer's equity investment in a
28 venture capital fund certified by the department of economic
29 development.

30 The bill provides that the department of economic
31 development shall issue certificates which may be redeemed for
32 tax credits. The bill provides that the department shall
33 issue certificates so that not more than a total of \$5 million
34 of tax credits may be claimed.

35 The bill provides a taxpayer shall not claim the tax credit

1 prior to the third tax year following the tax year in which
2 the investment is made. The bill provides that any tax credit
3 in excess of the taxpayer's liability for the tax year may be
4 credited to the tax liability for the following five years or
5 until depleted, whichever is earlier. The bill provides that
6 a tax credit shall not be carried back to a tax year prior to
7 the tax year in which the taxpayer claims the tax credit.

8 The bill provides that state funding requirements shall not
9 apply to tax credits allowed against the moneys and credits
10 tax.

11 The bill takes effect upon enactment and applies
12 retroactively to January 1, 2002, for tax years beginning on
13 or after that date.

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HOUSE FILE 2586

H-8291

1 Amend House File 2586 as follows:

2 1. Page 1, lines 5 and 6, by striking the words
3 "department of economic development", and inserting
4 the following: "Iowa capital investment board created
5 in 2002 Iowa Acts, House File 2078,".

6 2. Page 1, line 20, by striking the words
7 "department of economic development", and inserting
8 the following: "Iowa capital investment board created
9 in 2002 Iowa Acts, House File 2078,".

10 3. Page 1, line 22, by striking the words
11 "department of economic development", and inserting
12 the following: "Iowa capital investment board created
13 in 2002 Iowa Acts, House File 2078,".

14 4. Page 1, line 26, by striking the words
15 "department of economic development", and inserting
16 the following: "Iowa capital investment board created
17 in 2002 Iowa Acts, House File 2078,".

18 5. Page 1, line 30, by striking the words
19 "department of economic development", and inserting
20 the following: "Iowa capital investment board created
21 in 2002 Iowa Acts, House File 2078,".

22 6. Page 1, lines 33 and 34, by striking the words
23 "department of economic development", and inserting
24 the following: "Iowa capital investment board created
25 in 2002 Iowa Acts, House File 2078,".

26 7. Page 2, line 12, by striking the words
27 "department of economic development", and inserting
28 the following: "Iowa capital investment board created
29 in 2002 Iowa Acts, House File 2078,".

30 8. Page 2, line 13, by striking the word
31 "department", and inserting the following: "board".

By SIEVERS of Scott

H-8291 FILED MARCH 14, 2002

Adopted
3.25.02 (p. 961)

HOUSE FILE 2586

H-8406

1 Amend House File 2586 as follows:

2 1. Page 1, by inserting after line 19 the
3 following:

4 "3A. A taxpayer shall not claim a tax credit under
5 this section if the taxpayer is a venture capital
6 investment fund allocation manager for the Iowa fund
7 of funds created in 2002 Iowa Acts, House File 2078,
8 or an investor that receives a tax credit for an
9 investment in a community-based seed capital fund as
10 defined in 2002 Iowa Acts, House File 2271."

By SIEVERS of Scott

H-8406 FILED MARCH 21, 2002

Adopted
3/25/02 (p. 962)

S. 3/26/02 W. & Mena
S. 3/27/02 Do Pass

HOUSE FILE 2586
BY COMMITTEE ON WAYS
AND MEANS

(SUCCESSOR TO HSB 707)

(As Amended and Passed by the House March 25, 2002)

Passed House, Date _____ Passed Senate, Date ^(P. 960) 4-4-02
Vote: Ayes _____ Nays _____ Vote: Ayes 49 Nays 0
Approved 5/8/02

A BILL FOR

1 An Act allowing a tax credit for equity investments in venture
2 capital funds and including an effective and retroactive
3 applicability date provision.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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House Amendments _____

1 Section 1. NEW SECTION. 15E.51 VENTURE CAPITAL FUND
2 INVESTMENT TAX CREDITS.

3 1. For purposes of this section, "venture capital fund"
4 means a private seed and venture capital partnership or entity
5 fund that has been certified by the Iowa capital investment
6 board created in 2002 Iowa Acts, House File 2078, pursuant to
7 subsection 6.

8 2. A tax credit shall be allowed against the taxes imposed
9 in chapter 422, divisions II, III, and V, and in chapter 432,
10 and against the moneys and credits tax imposed in section
11 533.24, for a portion of a taxpayer's equity investment in a
12 venture capital fund. An individual may claim a tax credit
13 under this section of a partnership, limited liability
14 company, S corporation, estate, or trust electing to have
15 income taxed directly to the individual. The amount claimed
16 by the individual shall be based upon the pro rata share of
17 the individual's earnings from the partnership, limited
18 liability company, S corporation, estate, or trust.

19 3. The amount of a tax credit shall not exceed six percent
20 of the taxpayer's equity investment in venture capital funds.

21 3A. A taxpayer shall not claim a tax credit under this
22 section if the taxpayer is a venture capital investment fund
23 allocation manager for the Iowa fund of funds created in 2002
24 Iowa Acts, House File 2078, or an investor that receives a tax
25 credit for an investment in a community-based seed capital
26 fund as defined in 2002 Iowa Acts, House File 2271.

27 4. a. The Iowa capital investment board created in 2002
28 Iowa Acts, House File 2078, shall issue certificates which may
29 be redeemed for tax credits. The Iowa capital investment
30 board created in 2002 Iowa Acts, House File 2078, shall issue
31 certificates so that not more than a total of five million
32 dollars of tax credits may be claimed. The certificates shall
33 not be transferable.

34 b. The Iowa capital investment board created in 2002 Iowa
35 Acts, House File 2078, shall, in cooperation with the

1 department of revenue and finance, establish criteria and
2 procedures for the allocation and issuance of tax credits by
3 means of certificates issued by the Iowa capital investment
4 board created in 2002 Iowa Acts, House File 2078. The
5 criteria shall include the contingencies that must be met for
6 a certificate to be redeemable in order to receive a tax
7 credit. The procedures established by the Iowa capital
8 investment board created in 2002 Iowa Acts, House File 2078,
9 in cooperation with the department of revenue and finance,
10 shall relate to the procedures for the issuance of the
11 certificates and for the redemption of a certificate and
12 related tax credit.

13 5. A taxpayer shall not redeem a certificate and related
14 tax credit prior to the third tax year following the tax year
15 in which the investment is made. Any tax credit in excess of
16 the taxpayer's liability for the tax year may be credited to
17 the tax liability for the following five years or until
18 depleted, whichever is earlier. A tax credit shall not be
19 carried back to a tax year prior to the tax year in which the
20 taxpayer claims the tax credit.

21 6. A venture capital fund shall submit an application for
22 certification to the Iowa capital investment board created in
23 2002 Iowa Acts, House File 2078. The board shall approve the
24 application and certify the venture capital fund if all of the
25 following criteria are met:

26 a. The venture capital fund is a private seed and venture
27 capital partnership or entity fund.

28 b. The venture capital fund maintains a physical presence
29 within the state of Iowa.

30 c. The venture capital fund makes a commitment to consider
31 equity investments in businesses located within the state of
32 Iowa.

33 Sec. 2. NEW SECTION. 422.11G VENTURE CAPITAL FUND
34 INVESTMENT TAX CREDIT.

35 The tax imposed under this division, less the credits

1 allowed under sections 422.12 and 422.12B, shall be reduced by
2 a venture capital fund investment tax credit authorized
3 pursuant to section 15E.51.

4 Sec. 3. Section 422.33, Code Supplement 2001, is amended
5 by adding the following new subsection:

6 NEW SUBSECTION. 13. The taxes imposed under this division
7 shall be reduced by a venture capital fund investment tax
8 credit authorized pursuant to section 15E.51.

9 Sec. 4. Section 422.60, Code 2001, is amended by adding
10 the following new subsection:

11 NEW SUBSECTION. 5. The taxes imposed under this division
12 shall be reduced by a venture capital fund investment tax
13 credit authorized pursuant to section 15E.51.

14 Sec. 5. NEW SECTION. 432.12B VENTURE CAPITAL FUND
15 INVESTMENT TAX CREDIT.

16 The tax imposed under this chapter shall be reduced by a
17 venture capital fund investment tax credit authorized pursuant
18 to section 15E.51.

19 Sec. 6. Section 533.24, Code 2001, is amended by adding
20 the following new unnumbered paragraph:

21 NEW UNNUMBERED PARAGRAPH. The moneys and credits tax
22 imposed under this section shall be reduced by an investment
23 tax credit authorized pursuant to section 15E.51.

24 Sec. 7. IMPLEMENTATION OF ACT -- MONEYS AND CREDITS TAX.
25 Section 25B.7 shall not apply to the tax credit authorized
26 pursuant to section 15E.51 and allowed against the moneys and
27 credits tax.

28 Sec. 8. EFFECTIVE AND RETROACTIVE APPLICABILITY DATE
29 PROVISIONS. This Act, being deemed of immediate importance,
30 takes effect upon enactment and applies retroactively to
31 January 1, 2002, for tax years beginning on or after that
32 date.

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Legislative Fiscal Bureau

Fiscal Note

HF 2586 - Venture Capital Fund Investment Tax Credits (LSB 7040 HV)
Analyst: Jeff Robinson (Phone: (515) 281-4614) (jeff.robinson@legis.state.ia.us)
Fiscal Note Version - New

Description

House File 2586 creates a venture capital tax credit. The credit would be available for investments in qualified venture capital funds certified by the Department of Economic Development. The amount of the tax credit is limited to 6.0% of the investment in the venture capital fund, and the amount of tax credits issued is limited to a total of \$5.0 million. The tax credits cannot be used until the third year after the investment is made. Unused credits can be carried forward but not backward.

Assumptions

1. Twenty percent of the tax credits for venture capital fund investments will be certified in the Fall of 2002 and the remainder will be certified in 2003.
2. On average, taxpayers will be able to utilize 50.0% of the tax credits in the first eligible year (three years after investment), 30.0% in the second year, and 20.0% in the third year.

Fiscal Impact

House File 2585 will reduce General Fund tax receipts (personal income, corporate income, insurance premium, franchise (banking), and credit union taxes) by \$5.0 million, beginning in FY 2005. The General Fund tax reduction by year is projected to be:

- FY 2005 -- \$ 500,000
- FY 2006 -- \$ 2,300,000
- FY 2007 -- \$ 1,400,000
- FY 2008 -- \$ 800,000

Source

Legislative Fiscal Bureau Analysis

/s/ Dennis C Prouty

March 25, 2002

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

HOUSE FILE 2586

AN ACT
ALLOWING A TAX CREDIT FOR EQUITY INVESTMENTS IN VENTURE
CAPITAL FUNDS AND INCLUDING AN EFFECTIVE AND RETROACTIVE
APPLICABILITY DATE PROVISION.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. NEW SECTION. 15E.51 VENTURE CAPITAL FUND
INVESTMENT TAX CREDITS.

1. For purposes of this section, "venture capital fund" means a private seed and venture capital partnership or entity fund that has been certified by the Iowa capital investment board created in 2002 Iowa Acts, House File 2078, pursuant to subsection 6.

2. A tax credit shall be allowed against the taxes imposed in chapter 422, divisions II, III, and V, and in chapter 432, and against the moneys and credits tax imposed in section 533.24, for a portion of a taxpayer's equity investment in a venture capital fund. An individual may claim a tax credit under this section of a partnership, limited liability company, S corporation, estate, or trust electing to have income taxed directly to the individual. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings from the partnership, limited liability company, S corporation, estate, or trust.

3. The amount of a tax credit shall not exceed six percent of the taxpayer's equity investment in venture capital funds.

3A. A taxpayer shall not claim a tax credit under this section if the taxpayer is a venture capital investment fund allocation manager for the Iowa fund of funds created in 2002 Iowa Acts, House File 2078, or an investor that receives a tax credit for an investment in a community-based seed capital fund as defined in 2002 Iowa Acts, House File 2271.

4. a. The Iowa capital investment board created in 2002 Iowa Acts, House File 2078, shall issue certificates which may be redeemed for tax credits. The Iowa capital investment board created in 2002 Iowa Acts, House File 2078, shall issue certificates so that not more than a total of five million dollars of tax credits may be claimed. The certificates shall not be transferable.

b. The Iowa capital investment board created in 2002 Iowa Acts, House File 2078, shall, in cooperation with the department of revenue and finance, establish criteria and procedures for the allocation and issuance of tax credits by means of certificates issued by the Iowa capital investment board created in 2002 Iowa Acts, House File 2078. The criteria shall include the contingencies that must be met for a certificate to be redeemable in order to receive a tax credit. The procedures established by the Iowa capital investment board created in 2002 Iowa Acts, House File 2078, in cooperation with the department of revenue and finance, shall relate to the procedures for the issuance of the certificates and for the redemption of a certificate and related tax credit.

5. A taxpayer shall not redeem a certificate and related tax credit prior to the third tax year following the tax year in which the investment is made. Any tax credit in excess of the taxpayer's liability for the tax year may be credited to the tax liability for the following five years or until depleted, whichever is earlier. A tax credit shall not be carried back to a tax year prior to the tax year in which the taxpayer claims the tax credit.

6. A venture capital fund shall submit an application for certification to the Iowa capital investment board created in 2002 Iowa Acts, House File 2078. The board shall approve the application and certify the venture capital fund if all of the following criteria are met:

- a. The venture capital fund is a private seed and venture capital partnership or entity fund.
- b. The venture capital fund maintains a physical presence within the state of Iowa.
- c. The venture capital fund makes a commitment to consider equity investments in businesses located within the state of Iowa.

Sec. 2. NEW SECTION. 422.11G VENTURE CAPITAL FUND INVESTMENT TAX CREDIT.

The tax imposed under this division, less the credits allowed under sections 422.12 and 422.12B, shall be reduced by a venture capital fund investment tax credit authorized pursuant to section 15E.51.

Sec. 3. Section 422.33, Code Supplement 2001, is amended by adding the following new subsection:

NEW SUBSECTION. 13. The taxes imposed under this division shall be reduced by a venture capital fund investment tax credit authorized pursuant to section 15E.51.

Sec. 4. Section 422.60, Code 2001, is amended by adding the following new subsection:

NEW SUBSECTION. 5. The taxes imposed under this division shall be reduced by a venture capital fund investment tax credit authorized pursuant to section 15E.51.

Sec. 5. NEW SECTION. 432.12B VENTURE CAPITAL FUND INVESTMENT TAX CREDIT.

The tax imposed under this chapter shall be reduced by a venture capital fund investment tax credit authorized pursuant to section 15E.51.

Sec. 6. Section 533.24, Code 2001, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The moneys and credits tax imposed under this section shall be reduced by an investment tax credit authorized pursuant to section 15E.51.

Sec. 7. AMENDMENT OF ACT -- MONEYS AND CREDITS TAX. Section 25B.7 shall not apply to the tax credit authorized

pursuant to section 15E.51 and allowed against the moneys and credits tax.

Sec. 8. EFFECTIVE AND RETROACTIVE APPLICABILITY DATE PROVISIONS. This Act, being deemed of immediate importance, takes effect upon enactment and applies retroactively to January 1, 2002, for tax years beginning on or after that date.

BRENT SIEGRIST
Speaker of the House

MARY E. KRAMER
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2586, Seventy-ninth General Assembly.

MARGARET THOMSON
Chief Clerk of the House

Approved  2002

THOMAS J. VILSACK
Governor