



2.1 business in which the qualified investment is proposed. A member of the family of an  
2.2 individual disqualified by this paragraph is not eligible for a credit under this section. For  
2.3 a married couple filing a joint return, the limitations in this paragraph apply collectively  
2.4 to the investor and spouse. For purposes of determining the ownership interest of an  
2.5 investor under this paragraph, the rules under section 267(c) and 267(e) of the Internal  
2.6 Revenue Code apply.

2.7 (d) Applications for tax credits ~~for 2010~~ for a taxable year must be made available on  
2.8 the department's Web site by ~~September 1, 2010, and the department must begin accepting~~  
2.9 ~~applications by September 1, 2010. Applications for subsequent years must be made~~  
2.10 ~~available by~~ November 1 of the preceding year.

2.11 (e) Qualified investors and qualified funds must apply to the commissioner for tax  
2.12 credits. Tax credits must be allocated to qualified investors or qualified funds in the order  
2.13 that the tax credit request applications are filed with the department. The commissioner  
2.14 must approve or reject tax credit request applications within 15 days of receiving the  
2.15 application. The investment specified in the application must be made within 60 days of  
2.16 the allocation of the credits. If the investment is not made within 60 days, the credit  
2.17 allocation is canceled and available for reallocation. A qualified investor or qualified fund  
2.18 that fails to invest as specified in the application, within 60 days of allocation of the  
2.19 credits, must notify the commissioner of the failure to invest within five business days of  
2.20 the expiration of the 60-day investment period.

2.21 (f) All tax credit request applications filed with the department on the same day must  
2.22 be treated as having been filed contemporaneously. If two or more qualified investors or  
2.23 qualified funds file tax credit request applications on the same day, and the aggregate  
2.24 amount of credit allocation claims exceeds the aggregate limit of credits under this section  
2.25 or the lesser amount of credits that remain unallocated on that day, then the credits must  
2.26 be allocated among the qualified investors or qualified funds who filed on that day on a  
2.27 pro rata basis with respect to the amounts claimed. The pro rata allocation for any one  
2.28 qualified investor or qualified fund is the product obtained by multiplying a fraction,  
2.29 the numerator of which is the amount of the credit allocation claim filed on behalf of  
2.30 a qualified investor and the denominator of which is the total of all credit allocation  
2.31 claims filed on behalf of all applicants on that day, by the amount of credits that remain  
2.32 unallocated on that day for the taxable year.

2.33 (g) A qualified investor or qualified fund, or a qualified small business acting on their  
2.34 behalf, must notify the commissioner when an investment for which credits were allocated  
2.35 has been made, and the taxable year in which the investment was made. A qualified fund  
2.36 must also provide the commissioner with a statement indicating the amount invested by

3.1 each investor in the qualified fund based on each investor's share of the assets of the  
3.2 qualified fund at the time of the qualified investment. After receiving notification that the  
3.3 investment was made, the commissioner must issue credit certificates for the taxable year  
3.4 in which the investment was made to the qualified investor or, for an investment made by  
3.5 a qualified fund, to each qualified investor who is an investor in the fund. The certificate  
3.6 must state that the credit is subject to revocation if the qualified investor or qualified  
3.7 fund does not hold the investment in the qualified small business for at least three years,  
3.8 consisting of the calendar year in which the investment was made and the two following  
3.9 years. The three-year holding period does not apply if:

3.10 (1) the investment by the qualified investor or qualified fund becomes worthless  
3.11 before the end of the three-year period;

3.12 (2) 80 percent or more of the assets of the qualified small business is sold before  
3.13 the end of the three-year period;

3.14 (3) the qualified small business is sold before the end of the three-year period; or

3.15 (4) the qualified small business's common stock begins trading on a public exchange  
3.16 before the end of the three-year period.

3.17 (h) The commissioner must notify the commissioner of revenue of credit certificates  
3.18 issued under this section.

3.19 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
3.20 December 31, 2014.