



# Fiscal Note

## Fiscal Services Division



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[HF 2757](#) – Nuclear Electric Generation Facilities, Sales Tax Exemption (LSB6140HV)  
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Fiscal Note Version – New

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### Description

[House File 2757](#) creates a sales and use tax exemption of the sales price of tangible personal property, specified digital products, and services furnished to nuclear energy facilities on or after January 1, 2025. A nuclear energy facility must commence commercial operations on or after January 1, 2028, to be eligible for the sales and use tax exemption.

The Department of Revenue is directed to issue guidance within 90 days of the effective date of the Bill regarding acceptable documentation, and is authorized to adopt administrative rules to administer the exemption.

### Background

The Duane Arnold Energy Center, located in Palo, is Iowa's only nuclear energy facility. The Center was in commercial operation from 1974 to 2020 and is expected to return to commercial operation in 2029.

### Assumptions

- The sales and use tax exemption created in the Bill may be claimed only by a nuclear energy facility and its operators.
- Exempted transactions prior to July 1, 2026, will impact FY 2027. Exempted transactions on or after July 1, 2026, will impact the fiscal year in which they occur.
- It is assumed that one nuclear energy facility will be under construction between January 1, 2025, and December 31, 2028, and will be commercially operational on January 1, 2029. No other nuclear energy facility project will take place during the projection period.
- The cost to construct or restart a nuclear energy facility is assumed to be \$1.600 billion. This cost will be spread out equally over the construction or restarting period.
- It is assumed that 65.0% of construction, operating, and maintenance costs are subject to the sales and use tax. All fuel costs are subject to the sales and use tax.
- Nuclear energy facilities have a maximum production capacity of 5.387 billion kilowatt-hours (kWh) per year and operate at 90.0% of maximum capacity.
- It is assumed that operating expenses are \$0.00987 per kWh, maintenance expenses are \$0.00684 per kWh, and fuel expenses are \$0.00637 per kWh.
- The value of goods and services sold to nuclear energy facilities will increase by 2.4% annually.
- Secure an Advanced Vision for Education (SAVE) refunds are 1.0% of taxable expenditures. Local option sales tax (LOST) distributions are estimated to be 0.95% of taxable expenditures.

## Fiscal Impact

House File 2757 is estimated to decrease revenue to the General Fund, the SAVE Fund, and LOST by the amounts in **Figure 1**.

**Figure 1 — Fiscal Impact of House File 2757 (in Millions)**

	<b>General Fund</b>	<b>SAVE</b>	<b>LOST</b>
FY 2027	\$ -33.1	\$ -6.6	\$ -6.3
FY 2028	-13.8	-2.8	-2.6
FY 2029	-9.3	-1.9	-1.8
FY 2030	-4.7	-0.9	-0.9
FY 2031	-4.8	-1.0	-0.9

## Sources

Iowa Department of Revenue  
World Nuclear Association  
United States Energy Information Administration  
NucNet Independent Nuclear News

*/s/ Jennifer Acton*

April 8, 2026

Doc ID 1604034

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The Fiscal Note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this Fiscal Note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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