



Fiscal Note

Fiscal Services Division



[HF 2757](#) – Nuclear Electric Generation Facilities, Sales Tax Exemption (LSB6140HV.1)
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Fiscal Note Version – As amended and passed by the House

Description

[House File 2757](#) creates a sales and use tax exemption and refund for nuclear energy facilities that applies retroactively to January 1, 2026. A nuclear energy facility must commence commercial operations of at least one unit of the facility on or after January 1, 2028, to be eligible for the exemption and refund. A nuclear energy facility that has been in commercial operation for one year or more is no longer eligible to receive the exemption. The exemption and refund end on July 1, 2051.

The Iowa 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 and refund.

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

- 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.
- 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.
- 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.
- Calendar year exemption and refund amounts are the sum of 50.0% of consecutive fiscal years exemption and refund amounts.
- A nuclear energy facility that has been in commercial operation for more than one year will not be eligible for an exemption.
- 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)

	General Fund	SAVE	LOST
FY 2027	\$ -20.1	\$ -4.0	\$ -3.8
FY 2028	-13.8	-2.8	-2.6
FY 2029	-9.3	-1.9	-1.8
FY 2030	-2.3	-0.5	-0.4

Sources

Iowa Department of Revenue
World Nuclear Association
United States Energy Information Administration
NucNet Independent Nuclear News
Legislative Services Agency calculations

/s/ Jennifer Acton

April 22, 2026

Doc ID 1604477

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.
