



[HF 2786](#) – Biodiesel Producers, Sales Tax Refunds (LSB5832HV)
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 Fiscal Note Version – New

Description

[House File 2786](#) increases the sales and use tax refund available to biodiesel producers from four cents per gallon of biodiesel produced to five cents per gallon. The Bill changes the repeal date of the refund from January 1, 2028, to January 1, 2031.

Background

Under current law, biodiesel producers are eligible to receive a sales and use tax refund of four cents per gallon of biodiesel produced, up to a maximum of 25.0 million gallons per calendar year. This allows for a maximum annual refund of \$1.0 million.

Assumptions

- The Bill is effective July 1, 2026 (FY 2027).
- There are eight biodiesel producers in the State that receive a sales and use tax refund.
- Future sales and use tax refunds for biodiesel producers are forecasted based on 2024 quarterly refund returns.
- The refund rate change in the Bill will have no impact on the calendar year production schedules of biodiesel producers.
- Biodiesel production is assumed to increase by 3.5% each year.
- A biodiesel producer will not receive a refund on more than 25.0 million gallons of biodiesel produced each calendar year.
- Sales and use tax refunds are claimed in the quarter after purchases are made.
- Secure an Advanced Vision for Education (SAVE) refunds are 1.0% of taxable expenditures.
- Sales and use tax refunds do not impact the Local Option Sales Tax (LOST).

Fiscal Impact

House File 2786 is estimated to decrease revenue to the General Fund and the SAVE Fund by the amounts shown in **Figure 1**.

Figure 1 — Fiscal Impact of House File 2786 (in Millions)

	General Fund	SAVE
FY 2027	\$ -1.1	\$ -0.2
FY 2028	-4.5	-0.9
FY 2029	-8.4	-1.7
FY 2030	-8.5	-1.7
FY 2031	-4.5	-0.9

Sources

Iowa Department of Revenue
Iowa Renewable Fuels Association
Legislative Services Agency calculations

/s/ Jennifer Acton

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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.
