



Fiscal Note

Fiscal Services Division



[HF 2757](#) – Nuclear Electric Generation Facilities, Sales Tax Exemption (LSB6140HV.2)
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Fiscal Note Version – As amended by Senate amendment [H-8428](#)

Description

[House File 2757](#) as amended by Senate amendment [H-8428](#) creates the Nuclear Energy Workforce Fund. Moneys in the Fund are appropriated to the Board of Regents (BOR) to establish and maintain programs and equipment at Regents universities that support nuclear energy workforce programs. Moneys in the Fund at the close of a fiscal year remain in the Fund and do not revert. Interest and earnings on moneys in the Fund are credited to the Fund.

The Bill as amended creates a sales and use tax exemption and refund for the construction and expansion of nuclear energy facilities. The Bill as amended applies retroactively to January 1, 2026, for the restarting of a decommissioned nuclear energy facility. To qualify for the exemption, a nuclear energy facility must commence commercial operations of at least one unit of the facility on or after January 1, 2028. The sales and use tax exemption ends when a nuclear energy facility begins commercial operation. The exemption and refund end on July 1, 2051.

The Bill as amended requires a nuclear energy facility receiving the sales and use tax exemption to annually, for up to four years, contribute to the Nuclear Energy Workforce Fund an amount equal to \$2,200 for each megawatt of nameplate capacity that the nuclear energy facility is approved to produce by the Iowa Utilities Commission.

The Bill as amended requires the BOR to submit an annual report beginning January 15, 2028, to the General Assembly on the progress and implementation of nuclear energy workforce programs. The Iowa Department of Revenue (IDR) 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

- 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.
- Of the expected construction costs, 65.0% will be subject to the sales and use tax.
- Nuclear energy facilities have a nameplate capacity of 615 megawatts.
- 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.

- The value of goods and services sold to nuclear energy facilities will increase by 2.4% annually.
- Contributions to the Nuclear Energy Workforce Fund are made in the fiscal year after the calendar year in which sales and use tax exemptions and refunds are reported.
- All nuclear energy facilities in the State will be registered with the IDR and will be eligible to receive the sales and use tax exemption and refund created in the Bill as amended.
- The exemption and refund created in the Bill as amended do not apply to operating, maintenance, and fuel expenses.
- 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 as amended is estimated to increase revenue to the Nuclear Energy Workforce Fund and decrease revenue to the General Fund, the SAVE Fund, and LOST by the amounts shown in **Figure 1**.

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

		Nuclear Energy Workforce Fund	General Fund	SAVE	LOST
FY 2027	\$	1.4	\$ -20.1	\$ -4.0	\$ -3.8
FY 2028		1.4	-13.8	-2.8	-2.6
FY 2029		1.4	-7.0	-1.4	-1.3

Sources

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