



Fiscal Note

Fiscal Services Division



[SF 2503](#) – Biodiesel Producers, Sales Tax Refunds (LSB5832SZ)
Staff Contact: Evan Johnson (515.281.6301) evan.johnson@legis.iowa.gov
Fiscal Note Version – New

Description

[Senate File 2503](#) increases the sales and use tax refund available to biodiesel producers from four cents per gallon of biodiesel produced to five cents per gallon for calendar year 2026. The Bill applies retroactively to January 1, 2026.

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 per biodiesel producer.

Assumptions

- 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.
- Refunds prior to July 1, 2026, that are affected by the Bill will impact FY 2027.
- 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

Senate File 2503 is estimated to decrease FY 2027 revenue to the General Fund by \$1.7 million and to the SAVE Fund by \$0.3 million.

Sources

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

/s/ Jennifer Acton

May 1, 2026

Doc ID 1605083

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.
