

# **Oil and Gas, Development and Production Bill Senate File 2490**

Last Action:  
Senate Floor  
April 16, 2026

## **Executive Summary Only**

**An Act relating to oil and gas production, including filing requirements, the authority of the Department of Natural Resources, confidential information, pooling orders, negotiation of surface damage, imposition and distribution of a tax, and jurisdiction.**

**Fiscal Services Division  
Legislative Services Agency**

### **NOTES ON BILLS AND AMENDMENTS (NOBA)**

Available online at [www.legis.iowa.gov/publications/information/appropriationBillAnalysis](http://www.legis.iowa.gov/publications/information/appropriationBillAnalysis)

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**FUNDING SUMMARY**

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Creates a severance tax on the extraction of oil or gas equal to 6.0% of the fair market value of the oil and gas extracted at a wellhead.

**FISCAL IMPACT:** Any increase in revenue is unknown due to a lack of information, but may be significant. The Bill distributes severance tax revenues as follows:

- 9.9% of revenue to each county in proportion of the county's share of total State population according to the most recent federal decennial census.
- 5.0% of revenue to counties in which land is located from which oil or gas is produced, in proportion of each county's share of the value of production.
- 5.0% of revenue deposited into the Road Use Tax Fund (RUTF).
- 10.0% of revenue deposited into the severance tax account of the EFF to support the Water Quality Initiative, and allows the moneys to be used for salaries, support, maintenance, and miscellaneous purposes.
- 70.1% of revenue deposited into the Taxpayer Relief Fund (TPRF).

**FUNDING FOR PROJECTS AND PROGRAMS**

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Creates a severance tax account in the Environment First Fund (EFF). Moneys in the account shall be used as appropriated by the General Assembly to support water quality projects.

Page 1, Line 1

Creates a severance tax for the privilege of severing or extracting oil or gas from the lands within the State equal to 6.0% of the fair market value of the oil or gas extracted at a wellhead.

Page 13, Line 3

Specifies that expenses incurred by a producer prior to valuation are not deductible from taxable value.

Page 13, Line 11

Requires each owner to be responsible for payment of its proportionate share of severance tax when ownership of oil or gas production is shared. A taxpayer paying severance tax on oil or gas may deduct the taxes paid from any royalty or other amounts due or to become due, in proportion of the interest ownership, in which case the person receiving the royalty or other payment is not liable for severance tax.

Page 13, Line 13

Requires severance tax revenues to be distributed to counties each year in the following ways:

Page 13, Line 26

- 9.9% of revenue to each county in proportion of the county's share of total State population according to the most recent federal decennial census.

## EXECUTIVE SUMMARY

### OIL AND GAS, DEVELOPMENT AND PRODUCTION BILL

- 5.0% of revenue to counties in which land is located from which oil or gas is produced, in proportion of each county's share of the value of oil and gas production.

Requires distributions of revenue made to counties to be used for the following purposes:

Page 14, Line 1

- To construct and maintain county roads.
- To offset county property tax collections by requiring counties that receive distributions of revenue to adopt a corresponding levy rate reduction.

Requires 5.0% of severance tax revenue collected each year to be deposited into the RUTF.

Page 14, Line 7

Requires 10.0% of severance tax revenue collected each year to be deposited into the severance tax account of the Environment First Fund (EFF) to support water quality initiatives, and establishes that no more than 10.0% of the moneys may be used for administration or implementation of the initiatives. Provides guidelines for the use of severance tax revenue deposited in the severance tax account within the EFF.

Page 14, Line 10

Requires 70.1% of severance tax revenue collected each year to be deposited into the TPRF.

Page 16, Line 18

Requires revenue distributions to counties, the RUTF, the EFF, and the TPRF to be made quarterly in an amount equal to one-fourth of the estimate of annual total severance tax revenues estimated for the current fiscal year by the Revenue Estimating Committee. Requires the share for producing counties to be calculated using county production data from the prior fiscal years severance tax revenue.

Page 16, Line 21

Requires the Iowa Department of Revenue (IDR) to report actual earnings for the months of the preceding fiscal years for which estimates were used in computing severance tax revenue distributions and requires the IDR to make adjustments to distributions during the current fiscal year in an amount equal to the difference between revenues earned and actual distributions for the preceding fiscal year.

Page 16, Line 28

### SIGNIFICANT CODE CHANGES

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Specifies that the records received, collected, or created in the administration of the severance tax for oil and gas production are confidential records.

Page 1, Line 7

Creates definitions for "casing," "correlative rights," "exploratory well," and "well log" for the purposes of Iowa Code chapter [458A](#).

Page 1, Line 12

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### OIL AND GAS, DEVELOPMENT AND PRODUCTION BILL

Directs every person engaged in the production; storage; transportation, except by rail; refining; reclaiming; treating; marketing; or processing of oil or gas, or engaged in the exploration for a production of metallic minerals, to file specific information with the Department of Natural Resources (DNR) every year by April 1.

Page 1, Line 31

Amends the duties and powers of the Director of the DNR with regard to the duty to require certain filings within six months after the completion of abandonment of a well to include specific confidential exclusions as detailed in Section 7 of this Bill.

Page 2, Line 15

Grants the Director of the DNR the authority to allow for variances to any of the DNR's rules, regulations, or orders within 14 days of the receipt of an application for a variance showing a good faith effort by the applicant to comply or a showing that the applicant is unable to comply. Requires that the variance shall be granted in writing by the Director without a hearing upon a written request of the owner or applicant.

Page 2, Line 24

Allows an owner to make information submitted to the DNR confidential for five years, unless extended for good cause by the DNR Director. Provides which information may be considered confidential, and outlines procedures to make information confidential.

Page 3, Line 5

Amends the procedure for setting spacing units to accommodate the existence of multiple wells, rather than a single well, within an order establishing spacing units for a pool.

Page 3, Line 34

Allows the DNR to establish an exploratory spacing unit to drill one or more exploratory wells in order to establish the existence of a pool as defined by Iowa Code section [458A.2](#) when the DNR is unable to determine the existence of a pool or the appropriate acreage to be embraced within a spacing unit.

Page 4, Line 26

Creates new policies, procedures, and guidelines for pooling orders in the absence of voluntary pooling. Provides required contents for pooling orders issued by the Director of the DNR, and direction on the distribution of costs and royalties to nonconsenting members.

Page 5, Line 8

Creates new policies, procedures, and guidelines for the negotiation of surface damages caused by drilling operations.

Page 9, Line 28

Allows the IDR to adopt administrative rules to administer Iowa Code section 458A.27 regarding the severance tax.

Page 13, Line 21

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Requires the IDR to annually value and assess oil or gas production for taxation, in appropriate unit measures, at the fair market value of the product, after mining is completed or the oil or gas is extracted at the wellhead.

Page 17, Line 4

Requires the IDR to certify the valuation of the product to the county assessor of the county from which the oil or gas was produced and enter the valuation in the assessment rolls of the county on or before June 1 of each year.

Page 17, Line 11

Outlines the confidentiality of the records received, collected, or created in the administration of the severance tax.

Page 17, Line 17

Specifies that an oil and gas operation is subject to the exclusive jurisdiction of the State and that a county, city, or other political subdivision cannot enact or enforce an ordinance or other measure, or an amendment or revision of an ordinance or other measure, that bans, limits, or otherwise regulates an oil and gas operation within the boundaries or jurisdiction of the county, city, or political subdivision.

Page 19, Line 3

Allows the authority of a county, city, or other political subdivision to enact, amend, or enforce an ordinance or other measure to regulate an oil and gas operation if the ordinance or other measure fits specified criteria.

Page 19, Line 11

Repeals Iowa Code section [458A.6](#) relating to the DNR's duty to determine market demand and regulate the amount of production in regard to oil, gas, and other minerals.

Page 19, Line 29

Senate File 2490 provides for the following changes to the Code of Iowa.

Page #	Line #	Bill Section	Action	Code Section
1	1	1	Add	8.57A.3A
1	7	2	Add	22.7.78
1	12	3	Add	458A.2.01,2A,5A,20A
1	29	4	Add	458A.4.1.0b
2	15	5	Amend	458A.4.1.b
2	24	6	Add	458A.4.4A
3	5	7	New	458A.6A
3	34	8	Amend	458A.7.3,4
4	26	9	Add	458A.7.5
5	8	10	Amend	458A.8
9	28	11	New	458A.26
13	3	12	New	458A.27
13	23	13	New	458A.28
17	4	14	New	458A.29
18	21	15	New	458A.30
19	29	16	Repeal	458A.6