

How is Solar Energy Taxed in Iowa?

Tax revenue from installed solar projects in Iowa comes from replacement and property taxes.

Iowa's Replacement Tax

Replacement Tax consists of calculating three assessments of tax on electric generation, delivery of electricity, and electric transmission.

Replacement tax liability is **distributed in the same way as** property taxes, to:

- Schools
- Cities
- Counties, etc.

Property Tax

Utility-scale solar projects are also subject to a statewide property tax assessment.

Solar arrays generate property tax revenue which is paid to counties. It can **support a range of public benefits**, including:

- Roads and bridges
- Health Services
- Schools
- Debt Service
- Reduced need for revenue from other sources

Sources:

Center for Rural Affairs. "Resource Guide: Taxing Utility-Scale Solar Projects in Iowa."
<https://www.cfra.org/sites/default/files/publications/taxing-utility-scale-solar-in-iowa-resource-guide.pdf>

"Iowa Administrative Bulletin." The Iowa Legislature, vol. XLVII, no. 11, p. 5893, Dec 12, 2024
www.legis.iowa.gov/docs/aco/bulletin/12-11-2024.pdf



Electric Generation

\$0.0006 per kWh

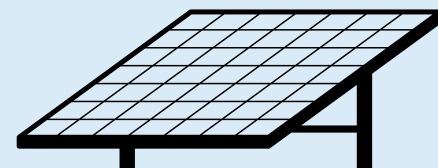
Electric Delivery

This rate is dependent on the utility service area.

Example: the tax rate for Des Moines, which is in MidAmerican's service area, is \$0.00242982 per kWh delivered.

Electric Transmission

The rate for this tax is calculated based on the number of pole line miles owned or leased in a tax year, as well as the capacity of that transmission line.



The below example is for a hypothetical 200 MW utility-scale solar project in central Iowa with an assumed ownership of 5 pole line miles of a 35 kV transmission line.

\$49,490.50

Total revenue generated by the Replacement Tax imposed on electric generation in a tax year

+

\$200,421.66

Total revenue generated by the Replacement Tax imposed on delivery of electricity in a tax year

+

\$2,750.00

Total revenue generated by the Replacement Tax imposed on electric transmission in a tax year

+

\$3,000.00

Total revenue to the state's General Fund from the statewide property tax assessment on property used for generation, delivery, and transmission in Iowa in a tax year

=

\$255,662.16 total tax revenue generated

Sources:

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