

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 3 assessments of tax on electric generation, delivery of electricity, and on 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:

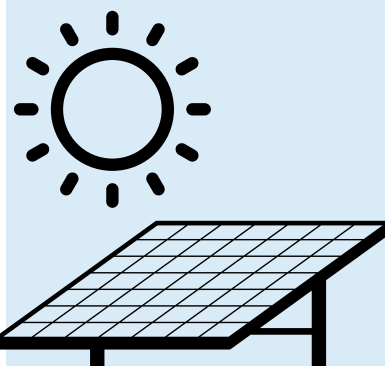
Center for Rural Affairs. "Resource Guide: Taxing Utility-Scale Solar Projects in Iowa." <https://www.cfra.org/sites/default/files/publications/taxing-utility-scale-solar-in-iowa-resource-guide.pdf>
Center for Rural Affairs & Iowa Environmental Council. "Iowa Solar Siting Resource Guide: A Roadmap For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



Replacement tax is collected by county treasurers and distributed to local taxing bodies

Replacement tax is used to ensure similar tax treatment for potential competitors within the state

The revenue from the property tax goes into Iowa's general fund



How is Wind Energy Taxed in Iowa?

Tax revenue from installed wind projects in Iowa comes from property taxes!

Property taxes

Wind energy conversion property is assessed and collected by the counties where projects are located.

In Iowa, counties may create an ordinance for **special valuation** of a wind energy system:

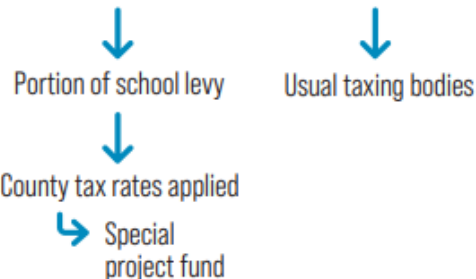
- This special valuation is assessed based on the **net acquisition cost**

County officials decide if they will use a special valuation or a market valuation of the system. Then, they decide whether to tax the turbines as they would normally, or use **Tax Increment Financing (TIF)**

TIF Method

Total special valuation → incremental value + base value

5-30% of net acquisition cost depending on year after installation



Standard Taxing Method

Total special valuation → Usual taxing bodies



Wind energy conversion property= the turbine, electrical equipment, power lines, substations, and transformers

Net acquisition cost= total cost of property + installation of the wind energy system

TIF allows counties to finance community improvement projects to create economic development

Standard taxing method taxes turbines like any other property in the county

