Fact Sheet:

Iowa Wind Energy Tax Revenue

Iowa has been a national leader in wind energy, and each installment has brought numerous economic benefits to the communities where projects are located.

These benefits include direct payments to landowners who host turbines, employment opportunities during the construction and operation of a project, and new spending infused into the local economy. In some cases, operators may also provide payments to neighbors who are near developments but do not host turbines, and some wind farms developed by associations distribute payments to members.

Projects also provide new tax revenue streams to rural communities, which help pay for local schools, roads, and police and fire services. These projects can make up significant portions of a county's tax base, sometimes providing critical economic development to rural counties. This fact sheet provides a breakdown of taxes that developers and operators of wind energy projects typically pay, as well as some current examples.

Local taxes from wind energy

Iowa currently supplies over 60% of its energy generation from wind turbines.[1]

Tax revenue from installed wind turbines primarily comes from property taxes in the form of an optional special valuation, a calculation unique to wind turbines. County officials may choose to assess turbines via the special valuation through the passage of an ordinance.

> In 2024, the state had 13,009 megawatts (MW) of installed capacity, generated by approximately 6,400 turbines.[2,3]

Sources

1 Wiser, Ryan, et al. "Land-based Wind Energy Technology Update." Lawrence Berkley National Laboratory, 2025, emp.lbl.gov/wind-technologies-market-report. Accessed October 2025.
2 Ibid.
3 "U.S. Wind Turbine Database." Lawrence Berkeley National Laboratory, U.S. Geological Survey, American Clean Power, May 2025, energy.usgs.gov/uswtdb/viewer/#7.28/42.046/-93.495. Accessed October 2025.

Special valuation formula[4]

Taxes on wind energy conversion properties are assessed and collected by the counties in which projects are located.

Wind energy conversion property =
turbine itself as well as electrical equipment, power lines, substations, and transformers

This special valuation is assessed based on the net acquisition cost.

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

Property is assessed at a rate of 0% of the net acquisition cost in the first year after installation. The rate increases by 5% each following year before it is capped at 30% in year seven and future assessment years.

The 30% valuation is maintained until the turbine is fully decommissioned; any refurbishments or repowering would not impact this assessment schedule.

- County officials may decide to repeal the special valuation ordinance at any point if the board of supervisors determines it does not benefit the county. If the special valuation ordinance is repealed, any turbines assessed under the special valuation will continue to be assessed as such until the end of their 19th assessment year, in which case they will be taxed via the Utility-Replacement Tax.

Wind tax revenue distribution[5]

Most counties choose to use the special valuation for assessing wind energy conversion facilities. However, the methods for distributing the tax revenues from wind farms are split between a standard taxation and Tax Increment Financing (TIF).

- **Standard taxing method:** This method collects taxes from facilities like any other property in the county, which means the assessed value would be lumped in with the county's overall valuation, reducing the overall tax burden on residents.

- **TIF method:** County governments apply the levy rates to the assessed value of the facilities and split that revenue between normal taxing bodies and special projects. Through TIF, counties can finance loans based on future tax collections for infrastructure and recreational projects at no cost to existing taxpayers.
  - For real-world examples of these two methods, see "Windswept Fields of Opportunity: Iowa Wind Energy County Tax Impact Studies" or "Case Study: Direct Impact of Wind Energy Development in Howard County, Iowa."[6,7]

A wind system with a net acquisition cost of $58.9 million would be assessed at:

0% in the first year.

In the second year, the special valuation for the property would be 5% of the net acquisition cost, or $2.9 million.

This amount would increase by 5% each year until year seven, when the property would be assessed at a capped special valuation of 30% of the net acquisition cost, or $17.6 million.

Sources, continued

4. "Iowa Code 2025, Section 427B.26 (26, 0)." Iowa Legislature, Nov. 20, 2024, legis.iowa.gov/docs/code/427B.26.pdf. Accessed October 2025.
5 Delworth, Alex. "Windswept Fields of Opportunity: Iowa Wind Energy County Tax Impact Studies." Center for Rural Affairs, July 6, 2023, cfra.org/publications/windswept-fields-opportunity-iowa-wind-energy-county-tax-impact-studies. Accessed October 2025.
6 Ibid.
7 Delworth, Alex. "Case Study: Direct Impact of Wind Energy Development in Howard County, Iowa." Center for Rural Affairs, March 17, 2025, cfra.org/publications/case-study-direct-impact-wind-energy-development-howard-county-iowa. Accessed October 2025.