

# Propane Tanks/Property Tax Assessment: Iowa Supreme Court Addresses Appropriate Classification



**Walter Wright, Jr.**  
wwright@mwlaw.com  
(501) 688.8839

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## Co-Author Mason Bravo

The Iowa Supreme Court (“Court”) considered in a June 5th Opinion the appropriate classification of propane tanks for taxation purposes under Iowa law. See Chickasaw County Board of Review v. Property Assessment Appeal Board, Case No. 25-1002.

The Court addressed whether the Chickasaw County Board of Review’s (“Board of Review”) assessment was properly reversed by the PAAB based on an alleged failure to classify eleven 90,000-gallon propane tanks as nontaxable equipment.

The Chickasaw County assessor issued a property assessment to Growmark, Inc. (“GM”) in 2023 for purposes of property taxes.

“The assessor valued the eleven propane tanks at \$1,959,500 and incorporated that value in its final assessment of the New Hampton taxable property.”

GM appealed the inclusion of the previously referenced tanks in the assessment. It challenged classifying the propane tanks as taxable real property.

The PAAB had determined the tanks were unattached equipment. The Board of Review appealed that proposed decision.

The underlying statute (Iowa Code § 427A.1) does not explicitly define these terms. Therefore, the Court looked to their ordinary meanings.

Legally, an “improvement” is deemed a relatively permanent addition to real estate that enhances the value or utility of the land itself, much like an irremovable fixture. In contrast, “equipment” refers to tools or implements used to carry out a specific business operation, which can typically be disassembled or removed without damaging the surrounding property.

The Court applied these definitions and concluded that Growmark’s massive propane tanks are fundamentally commercial equipment. The tanks have occupied the exact same site since 1977. However, they are not permanently affixed to the concrete saddles on which they rest.

If Growmark ever decided to relocate, the tanks could be lifted onto a truck and moved to a new site without causing any structural damage to the land. Furthermore, the Court noted that the propane tanks provide utility to Growmark’s fuel distribution business rather than the land itself.

Moving the tanks was also noted to be economically feasible—it costs about \$28,124 per tank to transport compared to a \$180,000 to purchase a new replacement.

The Court held that Growmark’s eleven 90,000-gallon propane storage tanks must be classified as nontaxable “equipment” rather than real estate “improvements.”

A copy of the Opinion can be found [here](#).