



# Fiscal Note

## Fiscal Services Division



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[HF 1050](#) – Aboveground Storage Tanks, Assessments (LSB1702HV)  
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Fiscal Note Version – New

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### Description

[House File 1050](#) exempts an aboveground storage tank with a storage capacity of 91,000 gallons or less from property taxation, regardless of whether the tank is attached to or unattached from real property.

The Bill makes Iowa Code section [25B.7](#) (State funding of property tax credits and exemptions) inapplicable to the new exemption.

The Bill takes effect upon enactment and applies retroactively to assessment years (AY) beginning on or after January 1, 2025, with property taxes first due and payable in fiscal year (FY) 2027.

### Background

Iowa Code section [427A.1](#) specifies that structures and improvements that are attached to land or buildings shall be considered real property and subject to property tax.

Personal property, by contrast, generally consists of property that is not permanently affixed to or attached to real estate. Iowa Code section 427A.1(1) defines personal property for purposes of property taxation as property other than real property. Historically, machinery and equipment used in business operations that are not permanently attached to the land have been treated as personal property rather than taxable real property.

The Department of Revenue's [Iowa Real Property Appraisal Manual](#) specifies how aboveground storage tanks are to be assessed and valued by assessors. The portion that pertains to the assessment and value of aboveground tanks begins with tank capacities as low as 1,000 gallons (133.7 cubic feet).

Iowa law also requires [annual registration](#) of aboveground storage tanks through the Iowa Department of Inspections, Appeals, and Licensing (DIAL) under Iowa Code chapter [455G](#). Tanks meeting statutory size and substance thresholds must report information including tank capacity and location. However, the DIAL registration is not designed for property tax administration purposes and does not identify whether a tank is assessed as real property or personal property.

Assessment practices for aboveground storage tanks may vary by county depending on factual determinations regarding attachment and improvement status.

### Assumptions

- This estimate assumes all aboveground storage tanks currently registered under Iowa Code chapter 455G are classified as commercial or industrial (C/I) property for property tax purposes.

- A review of 15 assessor areas in Iowa conducted by the Iowa State Association of Assessors determined that assessed aboveground storage tanks represent 0.48% of all the C/I value within those assessor areas. This percentage is assumed to apply to all 106 assessor areas within the State.
- The statewide total C/I taxed value for FY 2025 is \$60.563 billion. Aboveground storage tanks are assumed to represent 0.48% of that statewide amount, or \$261.8 million.
- The statewide average C/I property tax rate for FY 2026 is \$37.70 per \$1,000 of taxed value. Of that \$37.70 tax rate, \$5.40 represents the school finance basic levy.
- Loss of local property tax revenues will not trigger the implementation of the General Fund appropriation to schools by \$5.40 per \$1,000 of exempted value by operation of the State school aid formula which would have resulted in a projected increase in the annual State General Fund appropriation for school aid of \$1.6 million.

**Fiscal Impact**

The fiscal impact for House File 1050 is displayed below. **Figure 1** shows the estimated decrease to local property taxes by fiscal year.

**Figure 1 — Local Government Property Tax Revenue Reduction (in Millions)**

FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
-9.9	-10.1	-10.4	-10.6	-10.9

**Sources**

Iowa State Association of Assessors  
 Department of Revenue  
 Department of Management property tax rate and value files  
 Legislative Services Agency calculations

/s/ Jennifer Acton

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April 7, 2026

Doc ID 16015721601572

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The Fiscal Note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this Fiscal Note is available from the Fiscal Services Division of the Legislative Services Agency upon request.