LEGAL UPDATE

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IOWA SUPREME COURT DECISION — INTERPRETATION OF TAX STATUTES

Chickasaw County Board of Review v. Property Assessment Appeal Board
Filed June 5, 2026
No. 25-1002
www.iowacourts.gov/iowa-courts/supreme-court/supreme-court-opinions/case/25-1002

Factual and Procedural Background. Growmark manages a fuel distribution site in New Hampton. The facility includes 90,000-gallon propane fuel tanks. The tanks are not fastened or otherwise attached to the concrete they are sitting on, rather they are held in place by gravity alone. The Chickasaw County assessor assessed Growmark's New Hampton location for purposes of property taxes, and valued the propane tanks at $1,959,500. The value of the propane tanks were incorporated in the final assessment of the property for purposes of property taxes. Growmark challenged the assessment to the Board of Review, arguing that the value of the tanks should have been excluded because they were nontaxable equipment and not attached to any structure. The Board of Review denied Growmark's request and concluded that the propane tanks were taxable improvements to the land for purposes of property tax assessments under section 427A.1(1)(c).

Growmark appealed the Board of Review's decision to the Property Assessment Appeal Board (PAAB). The PAAB granted summary judgment in favor of Growmark, classifying the tanks as nontaxable equipment, and ordering the that the value of the tanks be removed from the 2023 property assessment.

The Board of Review petitioned for judicial review of the PAAB's decision. The district court affirmed the PAAB's decision.

The Board of Review appealed the district court's ruling and the case was retained by the Iowa Supreme Court.

Issue. Whether Growmark's propane tanks are classified as improvements or equipment attached to a structure or placed on a foundation, making them taxable real property, or are the propane tanks nontaxable equipment classified as personal property.

Holding. The Iowa Supreme Court unanimously affirmed the decision of the district court holding that the tanks were nontaxable equipment, not improvements or attached, and therefore were not assessable as real property under Iowa Code section 427A.1.

Analysis. The Court first decided that the dispute involved statutory interpretation and that the general assembly had not vested the PAAB with interpretive authority, and therefore reviewed the PAAB's decision for errors of law without deferring to the PAAB's interpretation of Iowa Code section 427A.1(1). The Board of Review urged the Court to defer to materials prepared by the Department of Revenue. The Court denied to give deference to these materials in this case.

Prior to this case, the Court has construed statutes about taxes liberally in favor of the taxpayer and strictly against the taxing body. Conversely, the Court has construed tax exemptions strictly against the taxpayer and liberally in favor of the taxing body. The Court overruled these prior cases and held that from now on the Court "will construe tax statutes according to their ordinary meaning and apply the same principles of construction applied to any other type of statute."

"The Board of Review argues that the tanks are improvements that sit on foundations and are therefore assessed as real property under Iowa Code section 427A.1(1)(c)." "Growmark argues the propane tanks are unattached equipment and therefore are excluded from the definition of real property under Iowa Code section 427A.1(1)(d)."

The Court rejected the Board of Review's argument that the storage tanks are used for storage and therefore, similar to a storage warehouse, categorized as taxable improvements. In making this argument, the Board of Review relied on the Court's holding in *StateLine Cooperative* 958 N.W.2d 807, 814-816 (Iowa 2021). The Court distinguished *StateLine Cooperative* as inapplicable in this case, stating that the dispute in *StateLine Cooperative* was between machinery used in manufacturing versus buildings which does not address the issue in this case between nonmanufacturing equipment versus improvements.

In coming to its conclusion that the storage tanks are nontaxable equipment, rather than improvements, the Court considers the ordinary meaning of the terms "improvement" and "equipment" because chapter 427A does not define the terms. The Court also recognizes caselaw and considers the terms in the context of the statute at issue.

The Court considers several factors including that the tanks are implements used for a specific purpose within the operations of Growmark, they are not permanently affixed to the land or any structure, and that they are movable. The Court states that the tanks provide utility to Growmark's fuel distribution operations, not the land, making them equipment rather than improvements to the land. Therefore, the Court concludes that the tanks cannot be assessed and taxed as real property.

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