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2017

MISSOURI STATE TAX COMMISSION

301 West High Street, Room 840

Post Office Box 146

Jefferson City, Missouri 65102-0146

573/751-2414



*Workshop presented by:*

|  |  |  |
| --- | --- | --- |
| Date | Event | Cite |
| 1/1 | Tax Liability Date | 137.075, 137.080 |
| 3/1 | Preliminary Book  Taxpayer Assessment Lists Due | 137.243  137.280, 137.345 |
| 3/15\* | Clerk provides values to political subdivisions | 137.243 (137.180) |
| 3/31 | Motor Vehicle List from DOR | 137.116 |
| 4/8\* | Political subdivisions provides rates to clerk who provides them to the collector | 137.243 |
| 4/20 | Assessor returns Schedules 14-17 to Centrally Ass’d Comp. | 12 CSR 30-2.011 |
| 4/30\* | Collector provides projected tax liability to assessor | 137.243 |
| 5/1 | Aircraft request commercial classification | 155.020 |
| 6/15 | Last day to mail impact statements. In odd years, \* counties must include projected tax liability | 137.180, 137.355, 137.490 |
| 3rd Mon in June | First Class BOE appeals due unless extended by Board | 137.385 |
| 7/1 | Assessment Books to Clerk | 137.245, 137.335, 137.375, 137.490, 137.510 |
| 7/1 | All BOEs may meet in reassessment years | 138.010, 138.090, 138.170 |
| 1st Mon in July | First Class BOEs meet | 138.090 138.170 |
| 2nd Mon in July | Appeals to BOE in remaining jurisdictions and City of St. Louis | 137.275, 138.180 |
| 3rd Mon in July | 2nd, 3rd, 4th class BOE meet | 138.010 138.050 |
| 7/20 | Clerks provide aggregate values to STC | 137.245, 137.375, 137.515 |
| 7/31 | BOEs conclude (except charter) | 138.050, 138.100 |
| 4th Sat in Aug | BOE in charter end | 138.050, 138.100, 138.170 |
| 9/1 | Levies set | 67.110 |
| 9/20 | Counties other than charters set levies | 137.055 137.390 |
| 9/30 | Appeals due to STC or 30days after decision | 12 CSR 30-3.010, 138.110 |
| 10/1 | Levis—districts within or partially within charter or City of St Louis | 67.110, 137.055, 137.390 |
| 12/1 | Collector mails tax statement – deadine |  |
| 12/31 | Property Taxes Due |  |

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**QUICK INFO**

* **Assessed Value** – the portion of the true value in money on which taxes are based in Missouri. Assessment Percentages:

Residential……………………………………19%

Agricultural and Horticultural……….12%

Commercial and all other……………..32%

Most Personal Property ……………….33 1/3%

* **Appraised Value** – an estimate of a property’s fair market value. Appraised value is the TOTAL value of the property – the price a property would bring when offered for sale by one willing or desirous to sell and bought by one who is willing or desirous to purchase but who is not compelled to do so.

The terms **appraised value**, **fair market value**, and **true value in money** are synonymous as used in the property tax assessment process, except for active agricultural property for which the appraised value is based upon the land’s productive capability and not fair market value.

* **Real Property** – includes the land, all buildings, structures, improvements, and fixtures of whatever kind on the land. Also included are all rights and privileges belonging to, or related to, the land.
* **Tax Formula** – Taxes are calculated using the following formula:

*$ market value x assessment level x tax rate(expressed as %) = $ tax*

* **Tax Day** – January 1 of each year. Taxes are assessed on property owned on January 1, and its *condition* as of that date. Real Property is reassessed as of January 1 each odd-numbered year.

*Note: If new construction or improvements are made to real estate between January 1 of the odd-numbered year and January 1 of the even-numbered year, the additional value attributable to that new construction or improvements is determined based upon the economic conditions on January 1 of the odd-numbered year rather than the even-numbered year.*



|  |  |  |
| --- | --- | --- |
| **Cycle**  Appeals with the State Tax Commission | **Appeals** | **Pending** |
| 2003-2004 | 5009 | 0 |
| 2005-2006 | 7540 | 0 |
| 2007-2008 | 8684 | 0 |
| 2009-2010 | 7595 | 0 |
| 2011-2012 | 8345 | 0 |
| 2013-2014 | 8182 | 422 |
| 2015-2016 | 13,874 | 7908 |

**BOARD OF EQUALIZATION SCHEDULES**

**Second, Third and Fourth Class Counties**

|  |  |  |
| --- | --- | --- |
| **Date** | **Event** | **Cite** |
| 2nd Monday  in July | Appeals to BOE due | 137.275 |
| July 1 | BOE ***may*** start meeting in reassessment years *if needed* | 138.010 |
| 3rd Monday  in July | BOE starts meeting | 138.010  138.050 |
| 3rd Monday  in July | Counties of 2nd (most), 3rd, 4th Class BOE Meet  Acting as Boards of Appeal | 138.050 |
| July 31 | BOEs in all counties except charter end business | 138.050 |
| September 30 | Appeals from county BOEs to State Tax Commission due  OR thirty (30) days after the decision of the BOE, whichever is later | 12 CSR 30-3.010 |

**First Class Counties**

|  |  |  |
| --- | --- | --- |
| **Date** | **Event** | **Cite** |
| 3rd Monday  in June | BOE appeals due, unless extended by board | 137.385 |
| July 1 | BOE ***may*** meet in reassessment years *if needed* | 138.090 |
| 1st Monday  in July | BOE starts meeting | 138.090 |
| July 31 | BOE ends business | 138.050  138.100 |
| September 30 | Appeals from county BOEs to State Tax Commission due.  OR thirty (30) days after the decision of the BOE, whichever is later | 138.110  12 CSR 30-3.010 |

**Charter Counties**

(Jackson, Jefferson, St. Charles, St. Louis)

|  |  |  |
| --- | --- | --- |
| **Date** | **Event** | **Cite** |
| 3rd Monday  in June | BOE appeals due, unless extended by board | 137.385 |
| July 1 | BOE ***may*** start meeting in reassessment years *if needed* | 138.090 |
| 1st Monday  in July | BOE starts meeting | 138.090 |
| 4th Saturday  in August | BOE ends business | 138.050  138.100  138.170 |
| September 30 | Appeals from county BOEs to State Tax Commission due  OR thirty (30) days after the decision of the BOE, whichever is later | 138.110  12 CSR 30-3.010 |

**St. Louis City**

|  |  |  |
| --- | --- | --- |
| **Date** | **Event** | **Cite** |
| 2nd Monday  in July | Appeals to BOE due | 138.180 |
| July 1 | BOE ***may*** start meeting in reassessment years *if needed* | 138.170 |
| 1st Monday  in July | BOE starts meeting | 138.170 |
| 4th Saturday  in August | BOE ends business | 138.050  138.100  138.170 |
| September 30 | Appeals from BOE to State Tax Commission due  OR thirty (30) days after the decision of the BOE, whichever is later | 138.110  12 CSR 30-3.010 |

1. **Two Year Cycle**

Legislation was passed in 1986, requiring each County Assessor to appraise, equalize, and adjust the valuation of all real property every odd-numbered year to base assessments on local market values. This is done in accordance with a two-year maintenance plan approved by the State Tax Commission (STC). §137.115.

With regard to appeals under the two-year assessment cycle, the following is set out by state regulation:

1. The assessment of **personal property** may be appealed every year.

2. With regard to **real property assessments**, a taxpayer may appeal only once in the two-year cycle if there has been no new construction between January 1 of the odd-numbered year and January 1 of the even-numbered year.

3. If a **real property assessment is** **appealed in the** **odd-numbered year** and an agreement is reached between the parties or if a STC decision is made, the stipulation/decision controls the assessment for the next even-numbered year and the taxpayer cannot appeal in the even-numbered year.

The STC notifies, by e-mail, the county clerk, county assessor and the county collector in the odd-numbered year of the pending STC appeal and informs them the appeal will affect both that year and the next even-numbered year (e.g., 2017 and 2018). Please note that the taxpayer does not have to appear in front of the Board of Equalization for the Commission to consider his 2018 assessment.

4. If the taxpayer did not appeal in the odd-numbered year, **an** **appeal may be made in the even-numbered year**, but the decision only affects that year’s assessment.

1. **Board of Equalization**
2. **Members**

In St. Louis City, the BOE consists of the assessor, acting as president of the board, and four property-owning citizens who have been residents of the city for the past five years and who are appointed by the mayor. §138.140.

In First Class Counties, the BOE may consist of three persons appointed by the County Commission. §138.085. No member of a board in a charter county may be an official of a political subdivision in the county. §138.011.

In Second, Third and Fourth Class Counties, the BOE consists of the County Commissioners, the Assessor (*non-voting member*), the Surveyor and two citizens of the County appointed by the County Commission. The County Clerk serves as secretary of the Board without vote. §138.010. In Second Class Counties, the County auditor serves as a member of the BOE. §55.161(4).

Each BOE sets its own agenda as to meeting dates and times, within the statutory dates, for convening and adjourning.

The Assessor or a member of the Assessor’s staff is to be present at all Board hearings and has the right to present evidence pertaining to any assessment matter before the Board. §138.010.

1. **Role and Powers of BOE**
2. **Equalize Assessments**. The BOE is to raise or lower valuations believed to have been valued below or above the real value for the property. §138.050, §138.100 & §138.150.

2. **Hear Appeals.** The BOE is required to hear complaints and appealsfrom the assessments made by the Assessorand toadjust, and correct the assessment accordingly. §138.060.

3. **Determine Appeals & Keep Record.** The board shall hear and determine all appealssummarily, and the Clerk is to keep a record of its proceedings. §138.060.

4. **Add Omitted Property**. If the assessor notifies the BOE of any property which has been omitted from the tax rolls, the BOE shall add and assess such property. §138.070 & §138.150.

5. **Provide notice** to the taxpayer when omitted property is added or if the existing property’s assessment is increased. If the board proposes to increase any assessment or to assess any omitted property, it shall give notice by personal notice, by mail, or if the address of the person, agent or representative is unknown, then by publication in one issue of at least two daily newspapers published within the city. §138.050, §138.070, & §138.100.

6. **Subpoenas.** The board may subpoena witnesses and order the production of books and papers, and any member may administer oaths in relation to any matter within its jurisdiction. §138.040 & §138.170.

1. **Sunshine Law**

In performing its statutory functions, the Board must follow the provisions of Chapter 610 (Sunshine Law). Specifically the BOE is required to:

1. Post notice of the time, date, location, and tentative agenda of all meetings.
2. All hearings, deliberations and votes are open to the public.
3. Close a meeting only as authorized under §610.021, and post notice of the closed meeting pursuant to §610.022.2, or the majority of the quorum votes to close the meeting pursuant to §610.022.1.

***Note***: While the *Nasrallah* case decided by the Western District Court of Appeals (*the transfer of which was dismissed by the Supreme Court of Missouri*) appears to create a non-statutory exception in the context of quasi-judicial deliberations, it is the STC’s position that boards of equalization, due, in part, to the summary nature of their proceedings, should conduct open deliberations.

***Our opinion is supported by the Wilkendone Partnership v St*. Louis County BOE** – September 2016 – Court of Appeals was sympathetic to the BOE given that they have an appeal load of 20,000 but stated that they MUST comply with the Sunshine Law and provide adequate notice and open meetings.

***Failure to follow these provisions could result in the Board’s action being declared void and/or the imposition of a civil fine.***

***If in doubt, get counsel from your Prosecuting Attorney or County Attorney.***

1. **Board of Equalization Hearings**
2. **Preparation for BOE Appeals**

* **Publicize**. Times dates and location for hearings must be posted in accordance with the Sunshine Law. This information should be published in local newspapers. Information on how the taxpayer appeals to the BOE and the deadline for filing the appeal should be included on *Change of Valuation Notices*.
* **Coordinate hearings**. Plan in advance with the Assessor’s staff, appraisal and mapping contractors, and any other specialists that may be required to attend.

1. **Important Issues Pertaining to BOE Hearings**

* **St. Louis City**. Any person may appeal in writing to the BOE from the assessment of his or her property by filing such an appeal on or before the second Monday in July. §138.180.
* **First Class Counties**. Any person may appeal in writing on forms to be provided by the county clerk before third Monday in June. §137.385. However, it is recommended that the BOE extend filing date to on or before second Monday in July. §138.275.
* **Other Counties**. Any person may appeal in person, by attorney or agent, or in writing on or before second Monday in July. §137.275.
* A hearing with the BOE is the first step in the statutory appeal process, and should be well documented.
* Taxpayers may appear before the Board without having had an Informal Hearing.
* **“Appeal” does not mean they have to “appear” at the BOE Hearing**, they only have to have lodged an appeal in writing. All taxpayers who appeal to the BOE *MUST receive a written Board of Equalization Decision*, whether or not they “appear” before the Board.
* While there is **no presumption** that the assessor’s valuation is correct (§138.180), to establish the correct assessment, the taxpayer must provide substantial and persuasive evidence.
* The BOE may ***increase or decrease*** value as new evidence or information indicates.
* In order to appeal to the STC, the taxpayer MUST first appeal to the BOE, with few exceptions. Two major **exceptions** are:

1. A taxpayer seeking **exempt** status may go straight to Circuit Court, bypassing the STC appeal process.

2. If the valuation increased or property was assessed for the first time ***and*** the taxpayer was not provided proper **notice**, STC rules provide that the taxpayer may appeal directly to the STC.

* If the taxpayer is not satisfied with the BOE decision, he or she may then appeal to the STC, the full Commission, and then to Circuit Court.

1. **Who May Present Evidence and Who May Provide an Opinion of Value**

The taxpayer and/or his attorney and/or agent may appear on behalf of the taxpayer. However, parties should note that an ***agent may not*** offer an “...objective analysis, evaluation, opinion, or conclusion relating to the nature, quality, value or utility of specified interests in, or aspects of, identified real estate...” ***for a fee*** unless licensed or certified with the Missouri Real Estate Appraisers’ Commission with exceptions listed in §339.501.5(1)-(5). §339.503(1); §339.501.5(1)-(5); 12 CSR 30-3.065(3)-(5). Those exceptions are:

1. Any person, partnership, association or corporation who, as owner, performs appraisals of property owned by such person, partnership, association or corporation;

2. Any licensed real estate broker or salesperson who prepares a ***comparative market analysis*** or a ***broker price opinion***;

3. Any employee of a local, state or federal agency who ***performs appraisal services within the scope of his or her employment***; except that, this exemption shall not apply where any local, state or federal agency requires an employee to be registered, licensed or certified to perform appraisal services;

4. Any employee of a federal or state-regulated lending agency or institution;

5. Any agent of a federal or state-regulated lending agency or institution in a county of third or fourth classification.

Section 339.503(16), defines **“appraiser”** as “a person who ***for a fee or valuable consideration*** develops and communicates real estate appraisals or otherwise gives an opinion of the value of real estate or otherwise gives an opinion of the value of real estate or any interest therein.” Most jurisdictions allow **attorneys** to appear and indicate the proposed value **of their client**, but do not allow the attorney to develop his or her own value, unless the attorney is a licensed appraiser, the idea being that the attorney who communicates the client’s opinion is serving as an attorney, but not “developing” a value. Although somewhat technical, this is a reasonable approach.

1. **Conducting Board of Equalization Hearings**
2. **The Assessor and staff should be prepared to defend all values or offer evidence in support of a change in value**. Values are developed on a mass appraisal basis, but are defended in BOE and STC Hearings on an **individual property basis**, as in a fee appraisal. Values different than that determined under the mass appraisal system, need to be supported by recognized appraisal practice.

The Assessor must have adequate time to prepare cost calculations, sales grids, Income and Expense analysis, and other types of individual appraisal support for his/her value.

As soon as possible after an appeal is made to the BOE, notify the assessor so that he/she may start preparing documentation to defend the value.

2. **Be prepared.** Before the hearing**,** gather all materials (appeal form, assessor’s documentation) for each hearing.

3. **At the beginning of the hearing**, ask the taxpayer if he/she has any documentation that supports his claim and/or his opinion of value. COPY ALL DOCUMENTS (make two copies, one for the BOE hearing file, one for the Assessor’s Office, for use in analysis, if copies are not provided by the taxpayer) and return originals to the taxpayer.

4. **During the Hearing**.

* Listen to the problem, and make most decisions AFTER the documentation has been analyzed.
* Review the taxpayer’s records in a manner **appropriate to the problem**.
* Make sure the assessment office staff has reviewed the property, or will review the property, if necessary and possible.
* ***Emphasize Market Value – Overvaluation Appeals:*** Again, the amount of change is **NOT** the issue. The question is whether or not the taxpayer feels the property is at market value as of the tax date.
* Mail the BOE decision at a later date.

Remember, the issue at hand is how much weight the Board chooses to place on each piece of evidence, the evidence as a whole, and how persuasive the evidence is in representing the local market value of a property.

5. **During the hearing, if it is apparent the taxpayer has valid documentation to support his/her value and the Assessor has indicated a desire to review the information, before the taxpayer leaves make sure to:**

* Schedule a Field Review for the Assessor to verify any requested or indicated change in data or value, as needed;
* Obtain taxpayer’s or agent’s phone number;
* Verify free access to property for inspection, if needed;
* Instruct taxpayer on the type of follow-up (field review, or decision by mail); and
* Document changes (if any at this time).

6. **Things to be avoided during BOE Hearings**

* **Argument with Taxpayer or the Assessor**. The Board is to be an impartial entity. Argument on any point is of little, if any, benefit. ***Answer inquiries***. ***Avoid arguments***.
* **Negotiated settlement**. The Board is to arrive at its decision based on the information presented. If the information presented to the Board, by either the taxpayer or the assessor, warrants a reduction in value, then change should be made. ***Negotiation at the public meeting is not advisable***.
  + - * **Make adjustments based on taxpayer hardship**. Taxpayer hardship is not a basis for determining true value in money, classification or exemption. The Board has not been charged with making such public policy. In cases of taxpayer hardship, direct taxpayers tothe Missouri Property Tax Credit Claim Program. To find out more about the Missouri Property Tax Credit call the Missouri Department of Revenue at 573-751-3505. For forms call 1-800-877-6881, or visit their Websites: <http://dor.mo.gov/personal/ptc/> (Property Tax Credit)
* **Granting exemptions easily**. Property is presumed taxable. Property must pass the three-pronged test in order to be exempted from taxes. If there is any question on the property’s exempt status, sufficient evidence was not presented and therefore it is proper to deny the exemption and advise the taxpayer to appeal to the State Tax Commission.

7. **After the Hearing**.

* Conduct fieldwork as needed.
* Provide all changes to the Assessor for updating property records:
  + Correct data on PRC, maps, etc.
  + Adjust new construction log if needed (this impacts the Form 11A totals).
* Notify the taxpayer of any delayed or pending action.
* Notify the taxpayer in writing, by mail, of the Board of Equalization Decision, whether or not a change is made. Be sure to include information on how to appeal to the STC. *See IV. Board of Equalization Decisions*

**EVEN “NO-SHOWS” MUST RECEIVE A BOE DECISION LETTER**.

**IV. Board of Equalization Decisions**

**Decisions are to be made in writing and sent to the taxpayer or his attorney or to his agent.**

BOE decisions should contain certain relevant information. That information is:

* 1. **Date of the BOE decision.** Ideally, the date of the decision would be the same date the decision is mailed to the taxpayer. This date is important when determining if appeals are timely filed with the State Tax Commission. If the date the decision is mailed is different than the date of the decision, this should be noted in the decision letter.
  2. The **taxpayer’s name** as it appears on the assessment roll, and the **taxpayer’s address**. Many BOE decisions are mailed to tax representatives, or the taxpayer’s attorney.
  3. **Parcel or locator number of the property**. If more than one parcel is appealed, each parcel needs to have its own decision.
  4. **Classification of the property** (i.e., residential, commercial, agricultural).

e. The **Appraised and/or Assessed Value**. The Assessor’s value and the Board’s value, *even if no change is made by the Board* should be listed on the decision. If the property is mixed-use, please identify the value for each classification.

A decision letter which only states “your appeal is denied” and does not include the information set out above does not provide the basic information for an appeal to the State Tax Commission.

The BOE Decision should be mailed ***as soon as possible*** either after the hearing or adjournment of the Board. The taxpayer deserves to know the decision in a timely manner so that they may consider whether they wish to exercise their right to appeal to the Commission. If the Board has only a few appeals and the hearings were all conducted in a relatively short time period, then mailing upon adjournment is appropriate. If there were a number of appeals, and the Board hearings covered more than one week, then mailing decisions at the end of each week might be the better option.

Keep a copy of all Decisions and the dates mailed with the Board records for each year.

**Samples of Improper and Proper Decision Letters**

**IMPROPER** BOE Decision Letter:

**BOARD OF EQUALIZATION**

**COUNTY OF IMPROPER**

Room 105, County Courthouse

Taxation, Missouri

Taxpayer:

The Improper Board of Equalization has denied your appeal and sustained the Assessor’s value.

Sincerely,

Ima Writer

County Clerk

Secretary of the Board

Notice there is no information identifying the taxpayer, the property under appeal or assessment.

There is no date to determine when the decision is issued.

It gives no instructions to the taxpayer on how to appeal the decision further.

**PROPER** BOE Decision Letter

*Notice the date the decision is issued; the taxpayer is identified; the property under appeal is identified; the classification of the property is shown; and the assessment is given (whether changed or not). Clear instructions are given on how to appeal the decision further if the taxpayer is not satisfied with the BOE’s determination.*

**BOARD OF EQUALIZATION**

**COUNTY OF PROPER**

Room 205, County Courthouse

Assessment, Missouri

July 24, 2017

I. M. Taxpayer

123 Undervalued Ave.

Assessment, Missouri

Re: Taxpayer’s Name: I.M. Taxpayer

Parcel Number: 02-2.4-002-005.012

Residential Property

Assessor’s Appraised and Assessed Values: $125,000/$23,750

Board’s Appraised and Assessed Values: $125,000/$23,750

The Proper Board of Equalization after consideration of the information presented at the hearing in your appeal voted on July 24, 2017 to sustain the Assessor’s value.

You have the right to file an appeal with the State Tax Commission (STC). If you choose to appeal, you may download the appeal form (Complaint for Review of Assessment) from the STC web site: <http://www.stc.mo.gov>. Instructions on completing the form and on handling your appeal are also available on the website. The completed form must be postmarked no later than September 30, 2017, or 30 days after the date of this letter, whichever is later.

Sincerely,

Shirley Efficient

County Clerk

Secretary of the Board

**V. Preservation of Board of Equalization Records**

All appeal-related paperwork must be kept. BOE files are reviewed by the STC staff, as with any other part of a reassessment program. (See: Chapter 109 RSMo – Public & Business Records).

Hearing notes may be helpful information for the Assessor. The assessor may want to know the reasons for change in valuation or classification and the BOE documentation can assist the assessor with future reassessment analysis.

### VI. Appeals of Board of Equalization Decisions

To appeal the decision of the BOE, the taxpayer must appeal to the STC by September 30th or 30 days after the date of the BOE Decision letter/notice, whichever is later.

If the issue is solely one of exemption, the appeal may be taken directly to Circuit Court instead of appealing to the STC.

The STC provides brochures/pamphlets and appeal forms for appealing BOE decisions on line at: [https:\\.stc.mo.gov](http://www.stc.mo.gov)

**VII. Common Issues on Appeal**

1. **Valuation**

In this type of appeal, the taxpayer is asserting the property has been valued above its true value in money by the assessor. This is the most common type of appeal before the State Tax Commission. In a simple valuation case, the taxpayer needs to prove:

1. The taxpayer has standing to bring the appeal;

2. The appeal to the BOE was made in a timely and proper manner; and

3. The market value of the property as of January 1 of the appropriate tax year.

Missouri and most other states recognize three approaches to value: the Cost Approach, the Sales Comparison Approach and the Income Approach. Appraisers usually use all the approaches to value in an appraisal report, but, depending on the nature of the property being valued, one or more of the approaches may be relied on more heavily.

**Cost Approach**

* The Cost Approach begins by establishing the value of the land on which the building sits, using sales of similar lands or extraction of land value from improved sales. To the land value is added the replacement cost new of the buildings, less depreciation (RCNLD). In determining the RCNLD of a building, the assessor considers such factors as age, size, condition, quality of construction and other features that influence value.
* The Cost Approach is generally well suited to value special purpose buildings that rarely, if ever, sell in the marketplace and which do not generate rental income to their owners. It is also a good approach for relatively new structures.

**Sales Comparison Approach**

The Sales Comparison Approach utilizes property sales information to estimate the value of unsold properties. Sales that are not “arm’s-length” sales are excluded from the sales analysis. Land and building values can both be determined using the sales comparison approach. The appraiser adjusts the comparable sales for location, time, condition, size, and other factors to determine a value for the subject property.

**Income Approach**

* For some properties, the income that they generate is often the best indicator of their value. Properties like hotels, apartments and commercial buildings that are leased out generate income for their owners. It is this rental income that attracts a buyer and often determines the selling price.
* To ensure accuracy by the Income Approach, it is essential that income and expense information, requested from the building owners, is submitted.
* The Income Approach converts the net operating income of a property into an estimated market value through capitalization. The net operating income is the gross revenue generated by the property, minus a vacancy allowance and typical operating expenses. The actual income of the property being appealed may be appropriate for use, if it is reflective of the market. Typical expenses are those necessary to operate and maintain the property as well as provide for replacement. The capitalization rate is derived by dividing the net income of comparable properties that have sold into their sale prices. A capitalization rate may also be derived from a Band of Investment analysis. The “cap” rate is applied to the net income and the resulting figure is the estimated market value. Simply stated, the income approach equations are:

(Net Operating Income (sale property)) / (Sale Price) = Capitalization Rate

(Gross Income - Vacancy & Expenses) / (Capitalization Rate) = Market Value

**Valuation Information**

* **Subject Property Sale:** Determine if it is an “arm’s-length” or market transaction and if it is recent enough to be relevant.
* **Comparable Sales Data**: Sales do not have to be of identical properties, but should be sufficiently similar to be a sound comparable. Important factors in comparability are: age, quality of construction, condition, lot size, building size, location and other amenities of comparability.
* **Income and Expense Information:** Previous three years of information, if available for the property under appeal. Income and Expense Date must be analyzed to estimate net operating income (NOI) – allowable expenses deducted from income.
* **Newspaper/Internet Articles on Real Estate Trends**: Such information is of no benefit when trying to determine the value of a given property.
* **Charts and Graphs on Tax or Valuation Increases**: Documents illustrating rates of an increase in taxes or valuation for the property being appealed do not provide data relevant to the issue of valuation for the given tax date.

1. **Discrimination**

This type of case, often called a **uniformity or ratio case**, is based on the constitutional requirement that “taxes be uniform upon the same class or subclass of subjects.” Mo. Const. of 1945, art. X, §3 (amended, 1982). The taxpayer in a uniformity case is asserting that, because assessments are not uni­form, he or she is being denied equal protection because the subject property is being assessed at a higher level or ratio of true value than the other property in the same class of property in the jurisdiction. In a uniformity case, the taxpayer must prove:

* 1. The taxpayer has standing to bring the appeal;

2. The appeal to the BOE was made in a timely and proper manner;

3. The true value in money of the subject property to determine its assessment ratio on the tax day;

4. The **average level of assessment for the relevant subclassification** of prop­erty in the taxing jurisdiction; and

5. The disparity between the subject property’s level of assessment and the average level of assessment for that subclassification is excessive.

The first three elements have been discussed previously. The most difficult element to prove in a uniformity case is the average level of assessment for the relevant class of property in the jurisdiction. Typically, the level of assessment is proved by conducting a ratio study using sales or appraisals of a sampling of prop­erties.

**Discrimination/ratio decisions**. *Cornerstone Industrial Fund v. Muehlheausler* (St. Louis County), 04-10166, issued 6/24/08; *GBN Management Co. v. Muehlheausler* (St. Louis County), 03-12512, issued 6/24/08; *West County BMW v. Muehlheausler* (St. Louis County), 05-12569, issued 3/17/09; *In the Matter of the 2007 and 2008 Commercial Assessment Ratio of Properties in St. Louis County, Complainants, v. Zimmerman*, Appeal No. 07-08 Ratio, issued 4/29/11. These may be found on the State Tax Commission’s website (https://stc.mo.gov/) under Legal Decisions.

The taxpayer who is successful in proving lack of uniformity is entitled to have his property assessed at the average level of assessment for the subclass (element #4 above). *Breckenridge Hotels Corporation v. Leachman*, 571 S.W.2d 251 (Mo. Banc 1978).

In another type of discrimination case the tax­payer asserts that the assessor has intention­ally assessed the subject property in a discriminatory manner *vis-à-vis* other property of the same class in the jurisdiction. The subject property may be assessed higher than the statutory level of assessment or it may be assessed at the statutory level while other similar properties are assessed at a lower level of assessment. In these cases, a taxpayer must prove:

1. The taxpayer has standing to appeal the assessment;

2. The appeal to the BOE was made in a timely and proper manner;

3. The true value in money of the subject property on January 1; and

4. An **intentional plan of discrimination** against the subject prop­erty.

The most difficult element to prove in this type of case is that there has been an intentional or systematic plan of the assessment officials to discriminate against the taxpayer. This raises the problem of proving **intent** on the part of the assessor. In uniformity cases, the Commission has found that the practice of systematically assessing newer properties at the statutory level of assessment while failing to raise older assessments is an intentional plan of discrimination. An intentional plan of discrimination may also result from establishing a rule of valuation which **results** in the taxation of some types of property higher than other types in the same class. So, even if the assessor did not intend to discriminate, if the assessor’s system of assessment or rule of valuation **results** in discrimination, the taxpayer is also entitled to relief.

1. **Misclassification/Agricultural Classification**

The taxpayer may bring an appeal based on the allegation that the subject property has been misclassified. The claim may be that real property has been misclassified as personal property and should be real or vice versa. The more common case is one in which the taxpayer claims that the subject real property has been improperly classified.

In a misclassification case, the taxpayer must prove:

1. The taxpayer has standing to bring the appeal;

2. The appeal to the BOE was made in a timely and proper manner; and

3. The correct classification and/or Agricultural grade for the subject property.

**Agricultural Classification Decisions**: *Barathaven Associates LLC v. Shipman* (St. Charles County), 07-32574 & 07-32575 issued 2/27/09; *Rinehart v. Bateman*, Supreme Court 92486, Supreme Court found that the vacant land was properly determined to be commercial classification despite zoning.

Vacant Land - Factors to Consider (Section 137.016.5 RSMo)

1. Immediate prior use;
2. Location;
3. Zoning;
4. Other legal restrictions;
5. Availability of water, electricity, gas, sewers, lighting, other services;
6. Size;
7. Access to public thoroughfares; and
8. Any other relevant factors.
9. **Exemption**

The taxpayer in an exemption case alleges that the subject prop­erty is not subject to tax in Missouri because it falls within a category of property which has been specifically exempted from taxation by statute or by the Missouri Constitution. Mo. Const. of 1945, art. X, §6 (amended, 1982); §§137.100 and 137.101.

In these cases, the taxpayer must prove:

1. The taxpayer has standing to bring the appeal;

2. The appeal to the BOE was made in a timely and proper manner;

3. The property is owned by a political subdivision of the state, or it is owned by a not-for-profit corporation that uses the property in conformity with the statute and the judicial test set out below.

The third element is crucial. If the property is owned by a political subdivision of the state, it is exempt strictly by ownership. If a charitable, educational, or religious use is claimed, the organization must pass the three prongs of the **Franciscan Test.** That test is whether:

1. **The property must be owned and operated on a not-for-profit basis**.

The property must be dedicated unconditionally to the charitable activity in such a way that there will be no profit, presently or prospectively, to individuals or corporations. Any gain achieved in the use of the building must be devoted to achievement of the charitable objectives of the projects.

**2. The property must be actually and regularly used exclusively for a charitable (or an educational or religious) purpose.**

“Charity” is defined as “. . . a gift, for the benefit of an indefinite number of persons, either by bringing their hearts under the influence of education or religion, by relieving their bodies of disease, suffering or constraint, by assisting them to establish themselves for life, or by erecting or maintaining the public buildings or works or otherwise lessening the burdens of government.”

**3. The dominant use of the property must be for the benefit of an indefinite number of persons and must directly or indirectly benefit society generally.**

*Franciscan Tertiary Province of Missouri v. State Tax Commission*, 566 S.W.2d 213, 224 (Mo banc 1978).

***Safe Course of Action for Exemptions***: If the Board does not feel it has sufficient information to grant the exemption, issue a Decision making no change in the assessment. The taxpayer can appeal to the Commission where a full evidentiary record can be developed.

**E. Erroneous Assessment**

An erroneous assessment is a clerical or ministerial error, ie, numbers transposed, incorrect taxing district, etc. It is not overvaluation, misclassification, etc.

**VII. Personal Property Appeals**

A. **Two General Types**

1. Individuals – Motor Vehicles

2. Businesses – Machinery and Equipment

B. Motor Vehicles – Section 137.115.9

Average trade-in value of the vehicle in the October issue of the NADA

C. **Assessment of Machinery and Equipment – 137.122 RSMo**

* Section 137.122 – Establishes assessment procedure for Assessor’s Mass Appraisal Valuation.
* Assessor required to use standardized schedule of depreciation set forth in Section 137.122 to determine assessed value.
* Estimate of value presumed to be correct, but may be disproved by substantial and persuasive evidence. Section 137.122.4

**FORMS**

The forms are NOT mandated. They are examples of forms that a BOE may find useful.

**Clerk BOE Notes Form**

Parcel No: Address:

Owner: Land: Improvements:

Assessor’s True Value: $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ AV: $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date of Hearing:

BOE Members Present at Hearing:

Others Present at Hearing:

Owner’s Information:

Documents:

Assessor’s Information:

Documents:

Action:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

|  |  |  |  |
| --- | --- | --- | --- |
|  | True Value | Assessed Value | Classification |
| Owner |  |  |  |
| Assessor |  |  |  |
| BOE |  |  |  |

Date of Vote:

Members Present:

Date of Decision:

Date of Mailing:

**PROPERTY ASSESSMENT APPEAL FORM**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ COUNTY BOARD OF EQUALIZATION**

***(type or print legibly in ink)***

**TAXPAYER INFORMATION**

Taxpayer’s Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Taxpayer’s Mailing Address: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(Street or Box Number, City, State and Zip Code)

Taxpayer’s Telephone Number: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**PROPERTY INFORMATION**

Parcel Number of the Property: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Address of Property (if different than Mailing Address):

(Street **or** Box) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(City, State, and Zip Code) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

What is the Current Classification of the Property?

\_\_\_\_ Agricultural \_\_\_\_ Commercial

\_\_\_\_ Residential \_\_\_\_ Mixed Use

What is the Market Value set by the Assessor? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

What is the Taxpayer’s Proposed Market Value? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**REASON FOR APPEAL**

Please check the reason you believe the assessment is incorrect. *Check all that apply.*

\_\_\_ **Valuation** (*The value placed on the property by the assessor is incorrect*)

\_\_\_ **Discrimination** (*The property is assessed at a ratio greater than the average*

*for the county*)

\_\_\_ **Misgraded Agricultural Land** (*The property is not in the correct agricultural*

*productivity grade*)

\_\_\_ **Misclassification** – The proper classification of this property should be:

\_\_\_ Residential \_\_\_ Commercial \_\_\_ Agricultural \_\_\_ Mixed Use

\_\_\_ **Exemption** - The property should be exempt because it is being used for:

\_\_\_ Religious Purposes \_\_\_ Educational Purposes \_\_\_ Charitable Purposes

\_\_\_ **Other Basis for Appeal** (explain): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**You may attach any documentation you desire the Board to consider**

Taxpayer’s Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**BOARD OF EQUALIZATION**

**\_\_\_\_\_\_\_\_\_ County**

Street Address

City, State, Zip

Date of Letter

Taxpayer/Representatives Name

Address

City, State

Re: Taxpayer’s Name:

Parcel/Account Number:

Classification:

Assessor’s Appraised and Assessed Values: $\_\_\_\_\_\_\_\_\_\_/$\_\_\_\_\_\_\_\_

Board’s Appraised and Assessed Values: $ \_\_\_\_\_\_\_\_\_/$ \_\_\_\_\_\_\_\_

The Board of Equalization, after consideration of the information presented at the hearing in your appeal, voted on [date] to [ ].

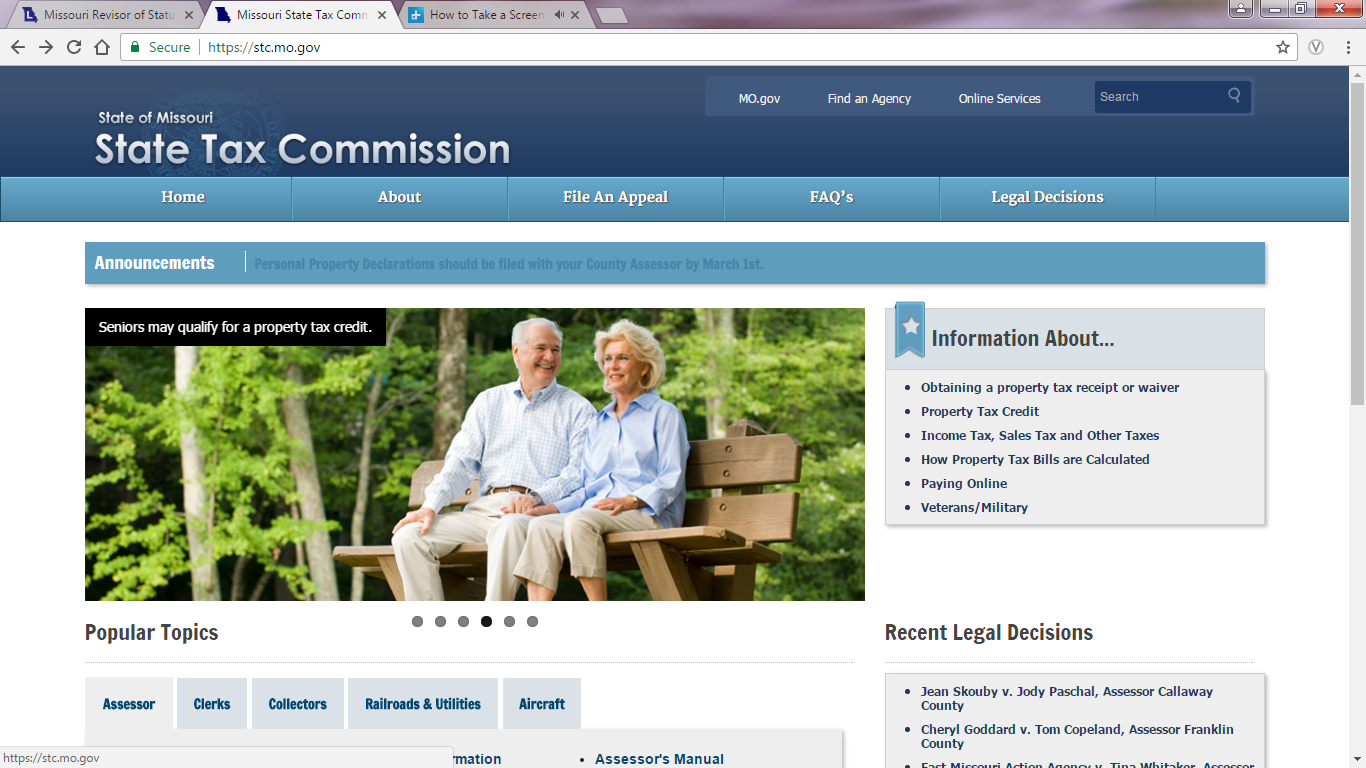
You have the right to file an appeal with the State Tax Commission (STC). If you choose to appeal, you may download the appeal form (Complaint for Review of Assessment) from the STC web site: <http://www.stc.mo.gov>. Instructions on completing the form and on handling your appeal are also available on the website. The completed form must be postmarked no later than September 30, 2017, or 30 days after the date of this letter, whichever is later.

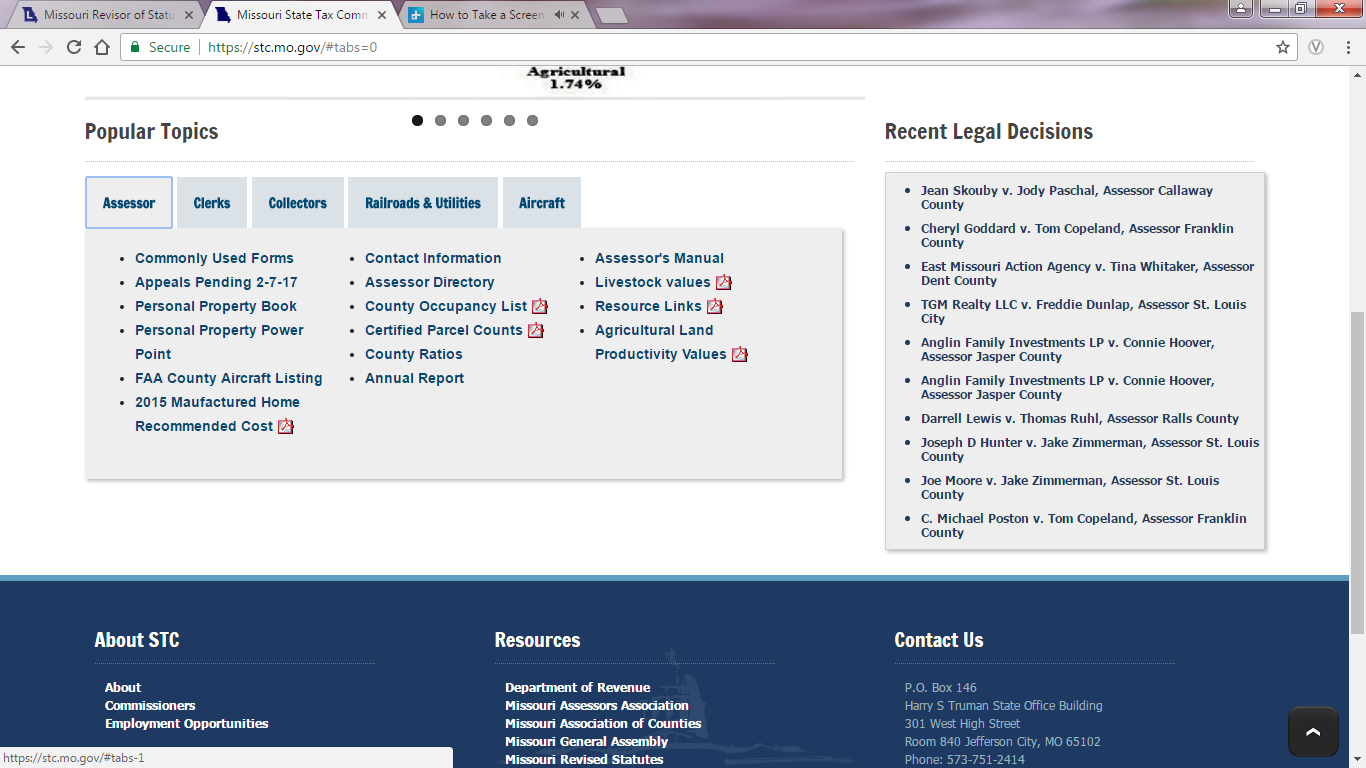
Sincerely,

Name

County Clerk

Secretary of the Board





Annual Report, Utility information, Collector’s Sale Manual, Clerk information

Decisions

Answers

Appeal Form

Appeal List

**Contact Information**

* **State Tax Commission of Missouri**P.O. Box 146  
  Truman State Office Building, Room 840  
  301 West High Street  
  Jefferson City, MO 65101

Phone: (573) 751-2414  
Fax: (573) 751-1341  
Website: https://stc.mo.gov/

E-mail: [stc@stc.mo.gov](mailto:stc@stc.mo.gov)

* **Technical Assistance Section -** (573) 751-1726
* **Legal Section** - Appeal Information – Jackie Wood – (573) 751-1715
* **Missouri Property Tax Credit or the Homestead Preservation Act**

Missouri Department of Revenue

Property Tax Credit Claim  
P.O. Box 2200  
Jefferson City, MO 65105-2200  
Phone: (573) 751-3505 Fax: (573) 751-2195

For forms call 1-800-877-6881 or visit their Websites: <http://dor.mo.gov/tax/personal/ptc/> (Property Tax Credit)

QUICK REFERENCE

|  |  |
| --- | --- |
| Deadlines | 3/1 Assessment Lists due – 137.280, .345, .495  BOE deadlines – 137.385, 137.275, 138.180  9/30 Appeals to STC due – 138.100, 12CSR 30-3.010 |
| Erroneous assessments | After taxes are paid – Section 52.240 RSMo. Collector and County Commission address  Before taxes are paid – Section 137.270 RSMo. Procedures set in 139.031 RSMo. County Commission makes determination. |
| Exemptions | Section 137.100 RSMo. Includes exemption for some vehicles leased to school districts, etc. |
| Late payments | See Section 140.120 RSMo.  Section 52.240 RSMo – Failure to receive notice does not relieve taxpayer.  Section 52.240 RSMo – Approved excuses for waiver of penalty  Collector and County Commission address this issue. |
| Military | Pay personal property taxes in their state & county of domicile (Service Members Civil Relief Act 50 USC 571)  Delinquency Section 139.100 exceptions for late payment. |
| Payments | Pre-payment plans. Requires a county ordinance. Section 139.052 RSMo. |
| Penalties | See Sections 137.280, 137.345, and 139.100 RSMo. (City of St. Louis 137.505) |
| Prorating taxes | See tax date. Statute only provides for taxation on the January 1st date. Occupancy ordinance provides prorating for residential property. |
| Situs | Sections 137.090 and 137.095 RSMo. |
| Tax date | January 1 – Section 137.075 RSMo. Every person owning or holding real property or tangible personal property on the 1st day of January, including all such property purchased on that day, shall be liable for taxes thereon during the same calendar year. |
| Vehicles | Assessor must use the October issue of the NADA – Average trade-in unless less than 2 years in age. Section 137.115(9) RSMO |