



State Tax Commission of Missouri Original Assessment Outreach

<https://stc.mo.gov>
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OriginalAssessment@stc.mo.gov

Original Assessment Process



Original Assessment Section - State Tax Commission of Missouri 2021

Slide 1 Original Assessment Process

Welcome to the Original Assessment Outreach training video on Locally Assessed Property of Centrally Assessed Railroad and Utility Companies. I'm Stacey Cowan, staff member of the Original Assessment team. The other team members are Sandy Wankum, Outreach Coordinator and Rosella Schad, Manager.

Original Assessment Overview

- Original Assessment of Railroad and Utility Properties can be simplified to a seven step process
- Annual Assessment process that includes both Local and State



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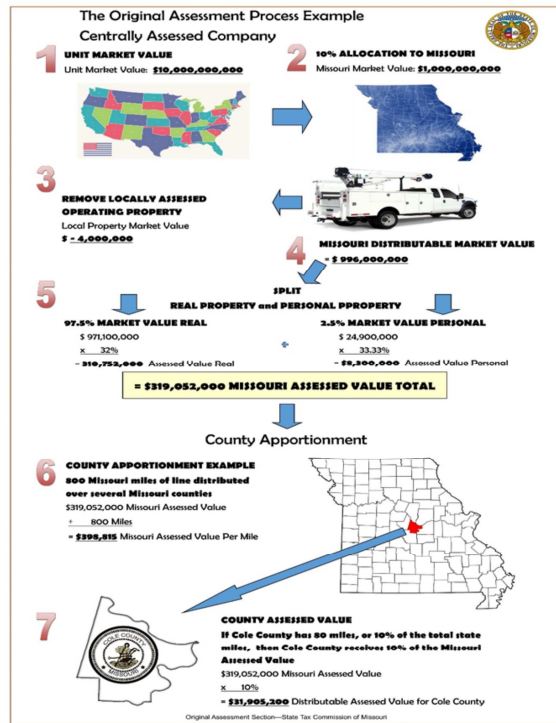
Slide 2 Original Assessment Overview

The Original Assessment of Centrally Assessed Railroad and Utility Companies can be simplified to a seven-step process for this training video.

Original Assessment is an annual assessment process that includes both Local and State.

This video does not include the assessment of Centrally Assessed Private Car Companies, Commercial Aircraft Owned by Airlines, and Commercial Aircraft Owned by Others.

Seven Step Process Example



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Slide 3 Seven Step Process Example

Step 1 - Determine the Fair Market Value of the entire company, or “Unit Market Value.”

Step 2 - Determine the Missouri Allocated Market Value by applying allocation factors to the Unit Market Value.

Step 3 - Identify the Market Value of all Locally Assessed Operating Property for Missouri Counties.

Step 4 - Determine the Missouri Distributable Market Value by subtracting all Locally Assessed Market Value from the Missouri Allocated Market Value.

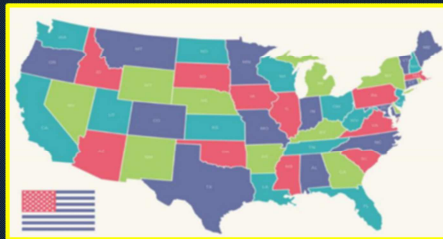
Step 5 - Determine the Missouri Distributable Assessed Value by classification of real and personal.

Step 6 - Determine the Missouri Distributable Assessed Value per Mile.

Step 7 - Determine a County’s Missouri Distributable Assessed Value per Mile.

The Original Assessment Process Example Centrally Assessed Company

Step 1 - Determine the Unit Market Value



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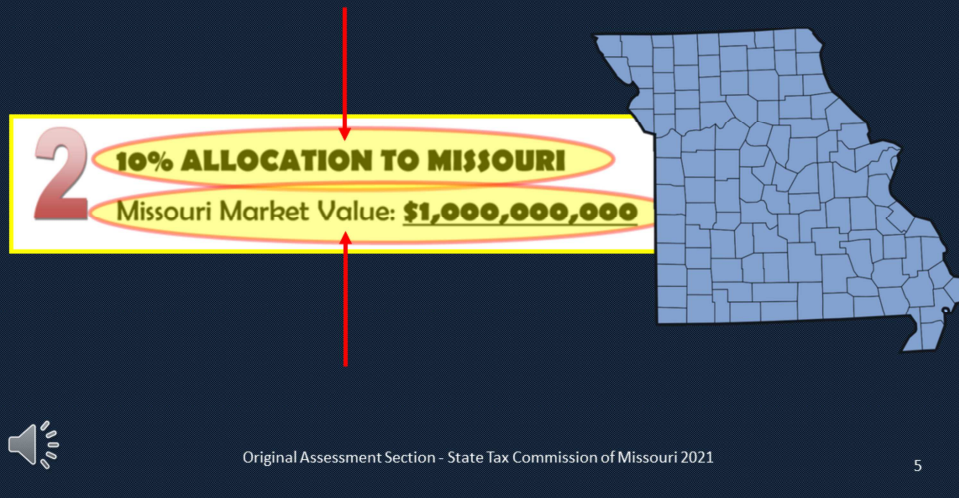
Slide 4 Step 1 – Determine the Unit Market Value

The Original Assessment Section determines a Unit Market Value for an entire Railroad or Utility Company.

Staff prepares an appraisal report based on the analyses of the financial and operational data of the company, a review of industry trends and consideration of three approaches to value: Income, Market, and Cost, to determine a Unit Market Value.

In Step 1 we show the Unit Market Value of the entire company as \$10 billion.

The Original Assessment Process Example Centrally Assessed Company Step 2 – Determine the Missouri Allocated Market Value



Slide 5 Step 2 – Determine the Missouri Allocated Market Value

Each industry has a set of Allocation Factors prescribed in the Missouri Code of State Regulations.

The railroad industry has six allocation factors. One of the railroad allocation factors is the ratio of Missouri miles of line divided by the total system miles of line.

In Step 2 we show a 10% Allocation of the entire company to Missouri. To determine the Missouri Allocated Market Value, we multiply the \$10 billion dollar Unit Market Value from Step 1 by the 10% Allocation to Missouri, to arrive at a Missouri Allocated Market Value of \$1 billion dollars.

The Original Assessment Process Example
Centrally Assessed Company
Step 3 – Identify the Total Local Market Value

**REMOVE LOCALLY ASSESSED
OPERATING PROPERTY**

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Local Property Market Value

\$ - 4,000,000



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Slide 6 Step 3 – Identify the Total Local Market Value

In Step 3 we identify the Local Market Value of all Locally Assessed Operating Property for all Missouri counties where the company has locally assessed property.

We display the truck as an example because many Railroad and Utility Companies will have vehicles valued at the local level and these locally assessed items, listed on a Schedule 14, will need to be deducted from the Missouri Market Value to prevent double assessment of the property.

In this example we show a \$4 million Total Local Property Market Value for all Missouri counties where the company has locally assessed property.

The Original Assessment Process Example Centrally Assessed Company Step 4 – Determine the Missouri Distributable Market Value



4 **MISSOURI DISTRIBUTABLE MARKET VALUE**
= \$ 996,000,000

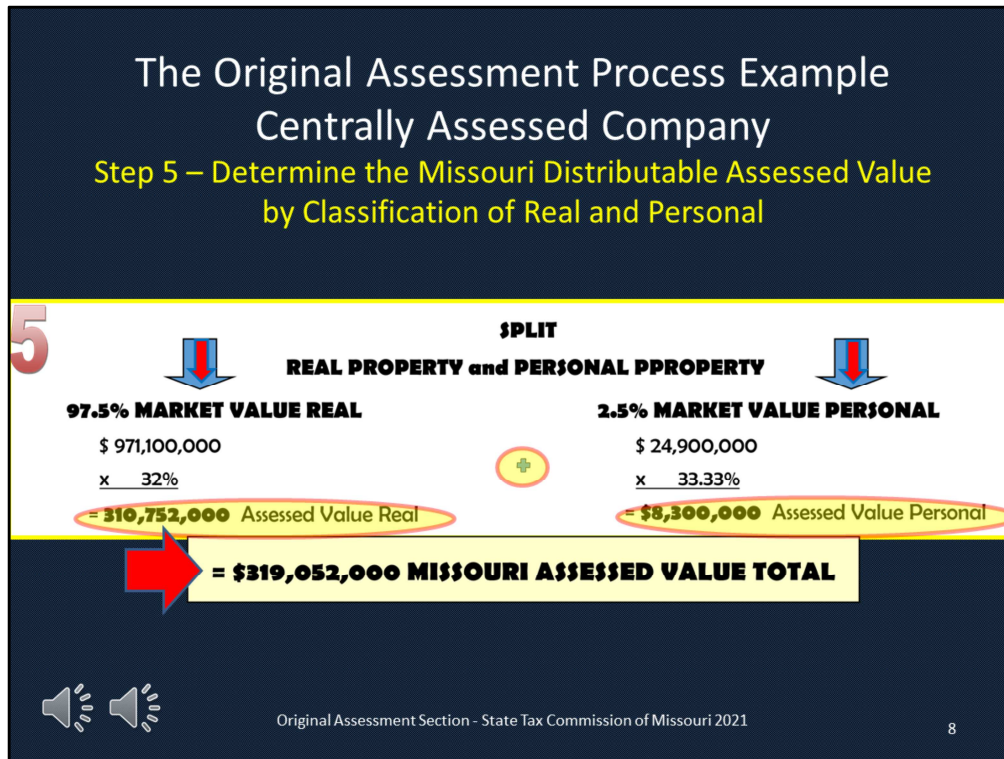


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Slide 7 Step 4 – Determine the Missouri Distributable Market Value

In Step 4 we show the subtraction of the \$4 million (Total Local Property Market Value), from the \$1 billion (Total Missouri Allocated Market Value), to arrive at the Missouri Distributable Market Value of \$996 million.



Slide 8 Step 5 – Determine the Missouri Distributable Assessed Value by Classification of Real and Personal

In Step 5 we show both a real percentage factor and a personal percentage factor, multiplied by the Missouri Distributable Market Value of \$996 million to arrive at the amount of assessed value in each classification. The Company provides these factors. For the purpose of this example, 97.5% of the Missouri Distributable Market Value is classified as Real and 2.5% of the Missouri Distributable Market Value is classified as Personal. This results in \$971.1 million of Real Distributable Market Value and \$24.9 million of Personal Distributable Market Value.

In addition, we show a 32% real assessment ratio and a 33.33% personal assessment ratio multiplied by the \$971.1 million Real Market Value and \$24.9 million Personal Market Value, respectively, to arrive at the Missouri Distributable Assessed Value. This results in \$310.752 million assessed value classified as real and \$8.3 million assessed value classified as personal.

Adding the Real Distributable Assessed Value and Personal Distributable Assessed Value results in \$319.052 million of Total Missouri Distributable Assessed Value for this company.

The Original Assessment Process Example Centrally Assessed Company

Step 6 – Determine the Missouri Distributable Assessed Value per Mile

6 COUNTY APPORTIONMENT EXAMPLE

800 Missouri miles of line distributed over several Missouri counties

\$319,052,000 Missouri Assessed Value

÷ 800 Miles

= \$398,815 Missouri Assessed Value Per Mile



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Slide 9 Step 6 – Determine the Missouri Distributable Assessed Value per Mile

In Step 6 we show the 800 total miles of line in Missouri for this Company. We divide the \$319.052 million dollars of Total Missouri Distributable Assessed Value by the 800 total miles of line to arrive at \$398 thousand and,8 hundred and 15 dollars of Missouri Distributable Assessed Value per Mile.

The Original Assessment Process Example Centrally Assessed Company

Step 7 – Determine a County's Distributable Assessed Value

7 COUNTY ASSESSED VALUE
If Cole County has 80 miles, or 10% of the total state miles, then Cole County receives 10% of the Missouri Assessed Value

\$319,052,000 Missouri Assessed Value
x 10%
= **\$31,905,200** Distributable Assessed Value for Cole County



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Slide 10 Step 7 – Determine a County's Distributable Assessed Value

In Step 7 we show that in Cole County, the Company has 80 miles of line. 80 miles of line is 10% of the 800 total miles of line in Missouri. We multiply the \$319.052 million dollars of Missouri Distributable Assessed Value per mile by the 10% factor to arrive at the \$31,905,200 Distributable Assessed Value for Cole County.

Company Timeline

- The Company reports the locally assessed property to the County Assessor by **April 1**
- The Company reports the Miles of Line on Schedule 13 to the County Clerk by **April 15**
- The County Clerk should notify the Company of any errors or omissions found on the Schedule 13 prior to May 15
- The Company must submit a revised Schedule 13 to the County Clerk and the Original Assessment Section prior to May 15



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Slide 11 Company Timeline

The Company reports the locally assessed property to the County Assessor by April 1.

The Company reports the Miles of Line on Schedule 13 to the County Clerk by April 15.

The County Clerk should notify the Company of any errors or omissions found on the Schedule 13 prior to May 15.

The Company must submit a revised Schedule 13 to the County Clerk and the Original Assessment Section prior to May 15.

Locally Assessed Property

Examples of Locally Assessed Property

1. Buildings and Land associated with local property
2. Office furniture, equipment and fixtures
3. Motor Vehicles
4. Materials and supplies
5. Construction-work-in-progress (CWIP)



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Slide 12 – Locally Assessed Property

Missouri Statutes define Locally Assessed Real Property and Tangible Personal Property of Railroad and Utility Companies. The statutory references are Sections 151.020.1(3), 153.032.2, 153.034.2, and 153.036.2, Revised Statutes of Missouri.

Examples of Locally Assessed Property:

1. Buildings and Land associated with local property
2. Office furniture, equipment and fixtures
3. Motor Vehicles
4. Materials and supplies
5. Construction-work-in-progress (CWIP)

Locally Assessed property is NOT used in the movement of services.

For additional assistance contact:

State Tax Commission of Missouri
Original Assessment Outreach

<https://stc.mo.gov>
<https://moftp.mo.gov>
OriginalAssessment@stc.mo.gov

- Sandy Wankum, Outreach Coordinator – 573-751-1709
- Stacey Cowan, Appraisal Specialist – 573-751-1708
- Rosella Schad, PE, CPA, Manager – 573-751-1729



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Slide 13 Reaching the Outreach Coordinator

Thank you for viewing the Outreach Training video on the Original Assessment Process. Contact Sandy Wankum, the Original Assessment Outreach Coordinator, at 573-751-1709 for additional assistance. You may also send an email to OriginalAssessment@stc.mo.gov.