



State Tax Commission of Missouri Original Assessment Outreach

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

New Construction and Improvements (NCI)
and Construction Work in Progress (CWIP)



Original Assessment Section - State Tax Commission of Missouri 2021

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Slide 1 New Construction and Improvements (NCI) and Construction Work in Progress (CWIP)

Welcome to the Original Assessment Outreach training video on the New Construction and Improvements (NCI) and Construction Work in Progress (CWIP). I'm Stacey Cowan, staff member of the Original Assessment team. The other team members are Sandy Wankum, Outreach Coordinator and Rosella Schad, Manager.

Schedule 14 Page 1 Line 17

17	New Construction and Improvements related to REAL Property (No Land)	230,000	100,000	32,000
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- The Company enters the Original Cost for “New Construction and Improvements” (NCI) on Schedule 14 Page 1, Line 17, if NCI existed on January 1
- Land can never be considered NCI
- The Company provides supporting documentation with the Locally Assessed Property Schedules to identify the amount of Original Cost of NCI in each of Line 1, Line 3, and Line 13. The supporting documentation should describe the Company location information for each entry, including the applicable school district, and other taxing jurisdictions
- NCI information is used by the County Clerk on the Form 11/11A, and is also used by school officials, county officials, and state officials
- Line 17 NCI is not in addition to the real property reported in each of Line 1, Line 3, and Line 13
- Line 17 NCI is for informational purposes only and is NOT billed in addition to real property reported on Line 1, Line 3, and Line 13 to the company



Slide 2 Schedule 14 Page 1, Line 17

- The Company enters the Original Cost for “New Construction and Improvements” (NCI) on Schedule 14 Page 1, Line 17, to identify that NCI existed on January 1.
- Land can never be considered NCI.
- The Company provides supporting documentation with the Locally Assessed Property Schedules to identify the amount of Original Cost of NCI in each of Line 1, Line 3, and Line 13. The supporting documentation should describe the Company location information for each entry, including the applicable school district and other taxing jurisdictions.
- NCI information is used by the County Clerk on the Form 11/11A and is also used by school officials, county officials, and state officials.
- Line 17 NCI is not in addition to the real property reported in each of Line 1, Line 3, and Line 13.
- Line 17 NCI is for informational purposes only and is NOT billed in addition to real property reported on Line 1, Line 3, and Line 13 to the company.



Example 1 of New Construction and Improvements and Construction Work in Progress

A Company built a new warehouse on a parcel of land it purchased in January 2018. Construction began in March 2018 and the building was completed on September 30, 2018. The Company reports the land's \$1 million cost and new warehouse building's \$2 million original cost on Schedule 15OP.



The new warehouse building's \$2 million original cost is reported on Schedule 14 Line 17 as New Construction and Improvements. **The company reports no CWIP as of 1/1/2019.**



Slide 3 Example 1 of New Construction and Improvements and Construction Work in Progress

A Company built a new warehouse on a parcel of land the Company purchased in January of 2018. Construction began in March of 2018 and the building was completed on September 30, 2018. On Schedule 15OP, the Company reports \$1 million dollars of cost for the land and \$2 million dollars of cost for the new warehouse building's. The new warehouse building's \$2 million dollars of original cost is also reported on Schedule 14, Line 17 as NCI. **The company reports no CWIP as of 1/1/2019.**



Example 2 of New Construction and Improvements and Construction Work in Progress



A Company is building a new gas-fired power generating unit at its existing power plant location. Construction will take nearly two years to complete at an estimated \$11 million total project cost. Planning and preliminary work for the project began in 2016. The company has no Tangible Personal Property and, therefore, reports no CWIP as of 1/1/2017. Construction materials were brought on site in January of 2017 and construction began in February of 2017. The company reports \$3 million original cost of CWIP as of 1/1/2018 and \$3 million NCI on the 2018 Schedule 14 Page 1, Line 17.

The company reports \$7.5 million original cost of CWIP as of 1/1/2019, and \$4.5 million NCI on the 2019 Schedule 14 Page 1, Line 17.

In 2019, there is \$3 million of CWIP that was declared as NCI in 2018 and cannot be declared again as NCI in 2019. The \$4.5 million represents the amount of NCI for tax year 2019. The Company has entered all of the CWIP as real property on the 2019 Schedule 14 Page 1, Line 3.



Slide 4 Example 2 New Construction and Improvements and Construction Work in Progress

A Company is building a new gas-fired power generating unit at its existing power plant location. Construction will take nearly two years to complete at an estimated \$11 million total project cost. Planning and preliminary work for the project began in 2016. The company has no Tangible Personal Property and, therefore, reports no CWIP as of 1/1/2017. Construction materials were brought on site in January of 2017 and construction began in February of 2017. The company reports \$3 million original cost of CWIP as of 1/1/2018 and \$3 million NCI on the 2018 Schedule 14 Page 1, Line 17. The company reports \$7.5 million original cost of CWIP as of 1/1/2019, and \$4.5 million NCI on the 2019 Schedule 14 Page 1, Line 17. **In 2019, there is \$3 million of CWIP that was declared as NCI in 2018 and cannot be declared again as NCI in 2019. The \$4.5 million represents the amount of NCI for tax year 2019.** The Company has entered all of the CWIP as real property on the 2019 Schedule 14 Page 1, Line 3.



Example 3 of New Construction and Improvements and Construction Work in Progress



A Company had two separate one-year projects, with the first project completed in 2018 and the second project completed in 2019. Construction on the first project began in February of 2017. The company reports \$3.5 million original cost of CWIP as of 1/1/2018 for the first project, and \$3.5 million NCI on the 2018 Schedule 14 Page 1, Line 17. Construction on the second project began in March of 2018. The company reports \$7.5 million original cost of CWIP as of 1/1/2019 for the second project and \$7.5 million NCI on the 2019 Schedule 14 Page 1, Line 17.

In 2019, there is no CWIP that was declared as NCI in 2018. Therefore, all of the \$7.5 million of CWIP in 2019 can be declared as NCI. The \$7.5 million represents the amount of NCI for tax year 2019. The Company has entered all of the CWIP as real property on the 2019 Schedule 14 Page 1, Line 3.



Slide 5 Example 3 of New Construction and Improvements and Construction Work in Progress

A Company had two separate one-year projects, with the first project completed in 2018 and the second project completed in 2019. Construction on the first project began in February of 2017. The company reports \$3.5 million original cost of CWIP as of 1/1/2018 for the first project, and \$3.5 million NCI on the 2018 Schedule 14 Page 1, Line 17. Construction on the second project began in March of 2018. The company reports \$7.5 million original cost of CWIP as of 1/1/2019 for the second project and \$7.5 million NCI on the 2019 Schedule 14 Page 1, Line 17. ***In 2019, there is no CWIP that was declared as NCI in 2018. Therefore, all of the \$7.5 million of CWIP in 2019 can be declared as NCI. The \$7.5 million represents the amount of NCI for tax year 2019.*** The Company has entered all of the CWIP as real property on the 2019 Schedule 14 Page 1, Line 3.

Duties of County Clerks

- County Clerks report the assessed value for NCI to the State Auditor's Office.
- When a CWIP project goes into service and is part of the distributable unit, there is **no** way to predict the impact on the assessed value of the taxing jurisdiction and any potential change in revenue.
- County Clerks should include an additional advisory to taxing jurisdictions that the assessed value for CWIP and/or NCI should not be included as a recurring source of revenue – but should be treated as “One-Time” revenue



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Slide 6 County Clerk's Duties

- County Clerks report the assessed value for NCI to the State Auditor's Office.
- When a CWIP project goes into service and is part of the distributable unit, there is **no** way to predict the impact on the assessed value of the taxing jurisdiction and any potential change in revenue.
- County Clerks should include an additional advisory to taxing jurisdictions that the assessed value for CWIP and/or NCI should **not** be included as a recurring source of revenue – but should be treated as “One-Time” revenue.

Example: A County Clerk might suggest to the taxing jurisdictions that the amount of incremental revenue received from CWIP could be used for one-time expenses such as replacing a roof.

For additional assistance contact:

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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 7 Reaching the Outreach Coordinator

Thank you for viewing the Outreach Training video on New Construction and Improvements (NCI) and Construction Work in Progress (CWIP). 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.