



STATE TAX COMMISSION OF MISSOURI

MANORAMA PARUCHURI,)
)
Complainant(s),)
) Appeal No. 21-15905
v.) Parcel No. 19K330282
)
JAKE ZIMMERMAN, ASSESSOR,)
ST. LOUIS COUNTY, MISSOURI,)
)
Respondent.)

DECISION AND ORDER

Manorama Paruchuri (Complainant) appealed the St. Louis County Board of Equalization's (BOE) decision finding the true value in money (TVM) of the subject property on January 1, 2021, was \$647,100. Complainant alleges overvaluation and proposes that the TVM of the subject as of that date was \$500,000.¹ The BOE decision is affirmed. The TVM of the subject property on January 1, 2021, was \$647,100.

The evidentiary hearing was held on August 4, 2022, via Webex. Complainant, appeared *pro se*. Respondent was represented by counsel Tim Bowe. The appeal was heard and decided by Senior Hearing Officer Benjamin Slawson.

¹ Complainant timely filed a complaint for review of assessment. The State Tax Commission (STC) has authority to hear and decide Complainant's appeal. Mo. Const. art. X, sec. 14; Section 138.430.1, RSMo 2000. All statutory citations are to RSMo 2000, as amended.

FINDINGS OF FACT

1. The Subject Property. The subject residential real property is a 1948 single family home with four bedrooms and two and a half bathrooms located at 915 South Central Ave, Clayton, Missouri. Complainant estimated that the lot size of the property is about 6,000 square feet. Complainant stated that the house has around 2,400 square feet of living space. Complainant purchased the property in 2012 for \$525,000. In the last three years, Complainant made a couple of significant improvements to the home, including replacing the furnace and air conditioning system as well as one of the three electrical panels in the house.

2. Assessment and Valuation. Respondent determined the TVM of the subject property as of January 1, 2021, was \$647,100. The BOE independently determined the TVM of the subject property as of January 1, 2021, was \$647,100.

3. Complainant’s Evidence. Complainant submitted the following exhibits which were admitted without objection. They are described as follows:

Exhibit	Description
A1	Inspection Report by Renaissance Historic Exteriors
A2	Roof Proposal by Renaissance Historic Exteriors
A3	Material & Labor Breakdown by Renaissance Historic Exteriors
B1	Home Depot window estimate
B2	Communications with two general contractors regarding various repairs and replacement work for arched wall in family room

C1	Plaster estimate by Woemmel Plastering
D1	Painting estimate by Kennedy Painting Interior & Exterior
E1	Tuckpointing estimate from Mohr Masonry
F1	Flooring estimate by Folkweave Carpet and Flooring
F2	Carpet estimate by Folkweave Carpet and Flooring
G	Text messages with contractor Gus
H	Text messages with David from RG Plumbing
Pictures	111 pictures of the subject property

Complainant testified at hearing that her opinion of value for the subject property as of January 1, 2021, is \$500,000. Her primary argument for overvaluation is that the house is in disrepair and is also outdated in general.

Complainant testified that she and her husband bought the house in as-is condition. Soon after the purchase, they learned that the roof leaks in the tile roof and that there were several other issues with the home requiring repair. Complainant offered A1 through A3, which comprise a 2022 roof restoration estimate by Renaissance Exteriors to completely redo the roof. According to the exhibits, the total cost of these repairs was estimated to be \$205,385. Complainant mentioned that even though a storm caused further damage to the roof, her insurance company has not agreed to reimburse for these needed repairs. Complainant testified that the arched wall in the family room needs to be repaired because of water damage. Complainant stated that she got an estimate from a contractor for \$16,000 to repair the wall. The windows located in that wall are also unique and difficult to install.

Exhibit B1, an estimate from Home Depot, states that it will cost about \$11,000 to replace these. Complainant also offered plaster and painting estimates, a tuckpointing estimate, and other information regarding needed repairs for the house. Complainant summarized that the bare minimum needed investment in the house to repair all the issues in the house is about \$300,000. Complainant also submitted 111 pictures showing the outdated features of the house and the needed repairs.

Complainant also testified that she feels that is unfair to compare the subject property with the comparable properties used by Respondent in his assessment because many of those are updated and in much better condition. Complainant presented all these issues to the BOE but did not have some of her documentary evidence when she had that hearing. Complainant is not a licensed appraiser in the State of Missouri, nor does she have experience making market-based valuation adjustments to comparable sales to determine the TVM of a subject property.

4. Respondent's Evidence. Respondent introduced Exhibit 1, the BOE decision letter dated October 21, 2021. Exhibit 1 was admitted without objection.

5. Value. The TVM of the subject property as of January 1, 2021, was \$647,100.

CONCLUSIONS OF LAW

1. Assessment and Valuation. Residential real property is assessed at 19% of its TVM as of January 1 of each odd-numbered year. Section 137.115.5(1)(a). The TVM is "the fair market value of the property on the valuation date[.]" *Snider v. Casino Aztar/Aztar Mo. Gaming Corp.*, 156 S.W.3d 341, 346 (Mo. banc 2005) (internal quotation omitted). The fair market value is "the price which the property would bring from a willing buyer

when offered for sale by a willing seller." *Mo. Baptist Children's Home v. State Tax Comm'n*, 867 S.W.2d 510, 512 (Mo. banc 1993). "True value in money is defined in terms of value in exchange not value in use." *Tibbs v. Poplar Bluff Assocs. I, L.P.*, 599 S.W.3d 1, 7 (Mo. App. S.D. 2020) (internal quotation omitted). "Determining the true value in money is an issue of fact for the STC." *Cohen v. Bushmeyer*, 251 S.W.3d 345, 348 (Mo. App. E.D. 2008).

"For purposes of levying property taxes, the value of real property is typically determined using one or more of three generally accepted approaches." *Snider*, 156 S.W.3d at 346. The three generally accepted approaches are the cost approach, the income approach, and the comparable sales approach. *Id.* at 346-48. The STC has wide discretion in selecting the appropriate valuation method but "cannot base its decision on opinion evidence that fails to consider information that should have been considered under a particular valuation approach." *Id.*, at 348.

The comparable sales approach "is most appropriate when there is an active market for the type of property at issue such that sufficient data are available to make a comparative analysis." *Snider*, 156 S.W.3d at 348. For this reason, the comparable sales approach is typically used to value residential property. "The comparable sales approach uses prices paid for similar properties in arms-length transactions and adjusts those prices to account for differences between the properties." *Id.* at 347-48 (internal quotation omitted). "Comparable sales consist of evidence of sales reasonably related in time and distance and involve land comparable in character." *Id.* at 348.

2. Evidence. "Although technical rules of evidence are not controlling in administrative hearings, fundamental rules of evidence are applicable." *Mo. Church of Scientology v. State Tax Comm'n*, 560 S.W.2d 837, 839 (Mo. banc 1977). The hearing officer is the finder of fact and determines the credibility and weight of the evidence. *Kelly v. Mo. Dep't of Soc. Servs., Family Support Div.*, 456 S.W.3d 107, 111 (Mo. App. W.D. 2015). "It is within the purview of the hearing officer to determine the method of valuation to be adopted in a given case." *Tibbs v. Poplar Bluff Assocs. I, L.P.*, 599 S.W.3d 1, 9 (Mo. App. S.D. 2020). The hearing officer "may inquire of the owner of the property or of any other party to the appeal regarding any matter or issue relevant to the valuation, subclassification or assessment of the property." Section 138.430.2. The Hearing Officer's decision regarding the assessment or valuation of the property may be based solely upon his inquiry and any evidence presented by the parties, or based solely upon evidence presented by the parties. *Id.*

3. Complainant's Burden of Proof. The taxpayer bears the burden of proof and must show by a preponderance of the evidence that the property was overvalued. *Westwood P'ship v. Gogarty*, 103 S.W.3d 152, 161 (Mo. App. E.D. 2003). The BOE's valuation is presumptively correct. *Tibbs*, 599 S.W.3d at 7. The "taxpayer may rebut this presumption by presenting substantial and persuasive evidence that the valuation is erroneous." *Id.* (internal quotation omitted). The taxpayer also must prove "the value that should have been placed on the property." *Id.*

"Substantial evidence is that evidence which, if true, has probative force upon the issues, and from which the trier of fact can reasonably decide the case on the fact issues."

Savage v. State Tax Comm'n, 722 S.W.2d 72, 77 (Mo. banc 1986) (internal quotation omitted). Evidence is persuasive when it has "sufficient weight and probative value to convince the trier of fact." *Daly v. P.D. George Co.*, 77 S.W.3d 645, 651 (Mo. App. E.D. 2002); *see also White v. Dir. of Revenue*, 321 S.W.3d 298, 305 (Mo. banc 2010) (noting the burden of persuasion is the "party's duty to convince the fact-finder to view the facts in a way that favors that party").

4. Complainant Did Not Produce Substantial and Persuasive Evidence of Overvaluation.

Complainant did not produce substantial and persuasive evidence to support Complainant's \$500,000 opinion of value and claim of overvaluation. Complainant did not produce evidence supporting a comparable sales approach, income approach, or cost approach to value, nor did Complainant offer a recent appraisal of the subject property as evidence of the TVM of the property as of January 1, 2021.

Complainant testified at length concerning the condition issues of the subject property, specifically the major issues with the roof that is leaking in several areas. Complainant's testimony and exhibits persuasively establish that the house needs some maintenance to prevent further disrepair, and that this maintenance will be costly. However, while Complainant did offer estimates, Complainant did not provide evidence of the specific monetary impact that these issues have on the TVM of the subject property as of January 1, 2021. In other words, there is no documentation or testimony rebutting the presumption that the BOE examined this issue and figured it into its valuation at \$647,100.

The comparable sales approach is the usual method used to determine the TVM of residential real property. “The comparable sales approach uses prices paid for similar properties in arms-length transactions and adjusts those prices to account for differences between the properties.” *Snider*, 156 S.W.3d at 347-48 (internal quotation omitted). Complainant took issue with the comparable sales used by Respondent in his assessment, arguing that many of these are updated and in much better condition. However, Complainant offers no evidence showing that Respondent did not make appropriate market-based adjustments for value considering the differing characteristics between these properties and the subject when determining the TVM of the subject as of January 1, 2021. Complainant did not offer testimony of an appraiser, nor an appraisal of the property as evidence of the TVM of the property as of January 1, 2021. Thus, Complainant’s valuation is based on improper elements and therefore is speculative.

Even if Complainant had rebutted the presumption of correct valuation by the BOE, Complainant has not proven that the TVM of the subject property is \$500,000 as of January 1, 2021. While a property owner’s opinion of value is generally admissible, the opinion “is without probative value where it is shown to have been based upon improper elements or an improper foundation.” *Shelby Cty. R-IV Sch. Dist. v. Herman*, 392 S.W.2d 609, 613 (Mo. 1965); see also *Cohen v. Bushmeyer*, 251 S.W.3d 345, 349 (Mo. App. W.D. 2008) (noting a property owner’s opinion of value loses probative value when it rests on an improper foundation).

CONCLUSION AND ORDER

The BOE decision is set affirmed. The TVM of the subject property as of January 1, 2021, was \$647,100.

Application for Review

A party may file an application for review of this decision within 30 days of the mailing date set forth in the certificate of service for this decision. The application "shall contain specific detailed grounds upon which it is claimed the decision is erroneous." Section 138.432. The application must be in writing, and may be mailed to the State Tax Commission of Missouri, P.O. Box 146, Jefferson City, MO 65102-0146, or emailed to Legal@stc.mo.gov. A copy of the application must be sent to each person listed below in the certificate of service. *Failure to state specific facts or law upon which the application for review is based will result in summary denial.* Section 138.432.

Disputed Taxes

The Collector of St. Louis County, and the collectors of all affected political subdivisions therein, shall continue to hold the disputed taxes pending the possible filing of an application for review, unless the disputed taxes have been disbursed pursuant to a court order under the provisions of section 139.031.

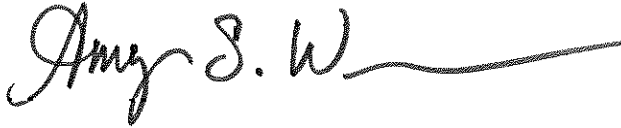
SO ORDERED December 30, 2022.



Benjamin C. Slawson
Senior Hearing Officer
State Tax Commission

Certificate of Service

I hereby certify that a copy of the foregoing has been electronically mailed and/or sent by U.S. Mail on December 30, 2022, to: Complainant(s) and/or Counsel for Complainant(s), the County Assessor and/or Counsel for Respondent and County Collector.

A handwritten signature in black ink that reads "Amy S. W" followed by a long, horizontal, wavy line extending to the right.

Amy S. Westermann
Chief Counsel