



# STATE TAX COMMISSION OF MISSOURI

MIKE CHAI, )  
 )  
 Complainant(s), )  
 ) Appeal No. 21-16909  
 v. ) Parcel No. 17L430059  
 )  
 JAKE ZIMMERMAN, ASSESSOR, )  
 ST. LOUIS COUNTY, MISSOURI, )  
 )  
 Respondent. )

## DECISION AND ORDER

Mike Chai (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 \$705,500. Complainant alleges overvaluation and proposes that the TVM of the subject as of that date was \$605,500.<sup>1</sup> The BOE decision is affirmed. The TVM of the subject property on January 1, 2021, was \$705,500.

The evidentiary hearing was held on June 9, 2022, via Webex. Naomi Chang, co-owner of the subject property with Complainant, appeared *pro se*. Respondent was

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<sup>1</sup> 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.

represented by counsel Tim Bowe. The appeal was heard and decided by Senior Hearing Officer Benjamin Slawson.

### FINDINGS OF FACT

**1. The Subject Property.** The subject residential real property is located at 5 Crabapple Ct., Olivette, Missouri. The subject property consists of a single family home with four bedrooms, two bathrooms, and 3,400 square feet. The home has an unfinished basement and unfinished garage. Complainant purchased the property around 2007 for \$510,000. Complainant built a new deck on the home in 2012 for \$9,225. Complainant testified that about ten years ago the roof was replaced due to hail damage. Complainant has not made any improvements to the property in the last three years. Complainant attempted unsuccessfully to sell the house in 2018.

**2. Assessment and Valuation.** Respondent determined the TVM of the subject property as of January 1, 2021, was \$705,500. The BOE also determined the TVM of the subject property as of January 1, 2021, was \$705,500.

**3. Complainant's Evidence.** Complainant submitted the following Exhibits which were admitted without objection:

<b>Exhibit</b>	<b>Description</b>
A	Photographs of the subject property and Zillow.com information about comparable properties
B	22-page document compiled by Complainant including Complaint for Review, Board Decision letter, Letter to Assessor, Board of

	Equalization appeal documents, and a 2007 Appraisal of the subject property
C	Email from Complainant with attached Letters to Assessor and BOE and Zillow.com information for two comparable properties
D	Email from Complainant with attached pictures of the subject property and Zillow.com information on comparable properties

Complainant’s opinion of value for the subject property is \$605,500. Complainant testified that the subject property is plagued with condition issues that devalue the subject property. These are evidenced in the pictures Complainant submitted in Exhibit A and are summarized as follows:

- a.) Drain pipe in basement is lower than the city drain pipe which causes standing water in the basement during heavy rains
- b.) Leaks in the unfinished garage causing water damage
- c.) Cracks in concrete front steps and in the driveway

Complainant did not present any bids or estimates showing the cost to repair these issues.

Complainant compared the subject property with others sold in the area, two of which are located on the same street as the subject, Crabapple Ct. Complainant asserted that these comparable properties are larger and have better features and characteristics than the subject property, yet the sales prices on a price per square foot basis were lower than Respondent’s 2021 appraised value of the subject.

Complainant is not a licensed appraiser in the State of Missouri, nor does Complainant have experience making market-based valuation adjustments to comparable sales to determine the TVM of a subject property.

**4. Respondent's Evidence.** Respondent introduced one exhibit that was admitted into evidence without objection. The exhibit is described as follows:

Exhibit	Description
1	The BOE decision letter dated October 29, 2021 stating the BOE TVM as \$705,500

**5. Value.** The TVM of the subject property as of January 1, 2021, was \$705,500.

### 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 \$605,500 opinion of value and claim of overvaluation. Complainant did not produce substantial and persuasive evidence rebutting the presumptively correct BOE value of \$705,500. 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 as to the various condition issues of the subject property, but did not provide evidence of the specific monetary impact that such conditions have on the TVM of the subject property. Complainant testified that Complainant did not have any estimates or bids to prove the cost of repair for these condition issues.

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 did offer information from Zillow.com for comparable sales Complainant found in the subject property's area. However, comparing properties simply on a price per square foot basis is also not an acceptable appraisal method to determine fair market value of a subject. Further, Complainant's comparable sales were not analyzed using accepted appraisal methods, for example making appropriate market adjustments to determine value of the subject. Finally, 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 \$605,500 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 \$705,500, with an assessed value of \$134,045.

### **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](mailto: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.

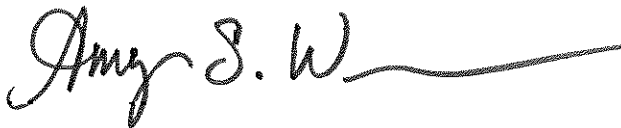
SO ORDERED December 2, 2022.



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 2, 2022, to: Complainant(s) and/or Counsel for Complainant(s), the County Assessor and/or Counsel for Respondent and County Collector.



Amy S. Westermann  
Chief Counsel