



STATE TAX COMMISSION OF MISSOURI

TIMOTHY PAWLOW,)
)
 Complainant(s),)
) Appeal No. 21-16019
 v.) Parcel No. 18J410791
)
 JAKE ZIMMERMAN, ASSESSOR,)
 ST. LOUIS COUNTY, MISSOURI,)
)
 Respondent.)

DECISION AND ORDER

Timothy Pawlow (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 \$235,000. Complainant alleges overvaluation and proposes that the TVM of the subject as of that date was \$200,000.¹ Complainant did not produce substantial and persuasive evidence establishing overvaluation. The BOE decision is affirmed. The TVM of the subject property on January 1, 2021, was \$235,000.

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.

The evidentiary hearing was held on two separate days, August 4, 2022,² and August 31, 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.

FINDINGS OF FACT

1. The Subject Property. The subject residential real property is located at 7457 Washington Avenue, St. Louis, Missouri. The subject property consists of a 1.5 story single family home built in 1924. The house has a brick and siding exterior and contains two bedrooms and one and half bathrooms. According to Complainant, the home has about 1,200 square feet of living space. Complainant estimated the lot size of property to be about 5,000 square feet. Complainant testified that he purchased the property in 1983. Complainant has not made any significant improvements to the property in the last three years.

2. Assessment and Valuation. Respondent determined the TVM of the subject property as of January 1, 2021, was \$249,600. The BOE independently determined the TVM of the subject property as of January 1, 2021, was \$235,000.

3. Complainant's Evidence. Complainant introduced Exhibit A, which was admitted without objection. Exhibit A contains 14 pages and contains Complainant's State Tax Commission appeal documents, appeal documents from the BOE, photographs of the

² During the course of the hearing on August 4, 2022, it was discovered that the State Tax Commission and Respondent did not have copies of the exhibit Complainant desired to introduce as evidence. A continuance was granted to allow Complainant to submit the exhibit. Respondent stated on the record that he had no objection.

subject property with descriptions of condition issues, and a July 1, 2021, contractor proposal.

Complainant's opinion of value for the subject property is \$200,000. Complainant stated that he obtained this estimated amount due to the number of repairs and maintenance he believes will need to be performed for the property based on its age and condition. Complainant also stated that the house needs many upgrades to modernize it. For example, it has an aging gas boiler heating system and no central air conditioning. Complainant also testified that he believes Respondent's increase in value for the subject since the last assessment cycle is excessive and unreasonable.

Complainant testified as to the several condition issues which he believes devalue his home and which need to be addressed to make it marketable. These items are described in Exhibit A and are illustrated with pictures in that Exhibit (pages 2A through 15A). Complainant submitted a bid from Unified Contracting Services for \$90,252 for several repairs and upgrades to the subject property. Among other things, the bid covers making upgrades to the outdated kitchen, replacing the driveway, constructing new parts of a foundation and a retaining wall, refinishing the hardwood floors, replacing siding, soffit, gutters, and downspouts around the home, performing spot tuck-pointing, and repairing the garage door and windows.

Complainant testified he is not a licensed appraiser in the State of Missouri, nor does he 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, a copy of the BOE decision letter dated October 29, 2021, stating the BOE TVM as of January 1, 2021. The Exhibit was admitted without any legal objection.

5. Value. The TVM of the subject property as of January 1, 2021, was \$235,000.

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 \$200,000 opinion of value and claim of overvaluation. Complainant did not produce substantial and persuasive evidence rebutting the presumptively correct BOE

value of \$235,000. 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.

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 not offer any comparable sales.

Complainant based his opinion of value on what he believes the property is worth given its age, condition, and the number of upgrades that would have to be made to make it marketable. While Complainant offered a contractor proposal to perform upgrades and maintenance to the property, Complainant neither demonstrated that the BOE’s valuation fails to take into account the condition issues he described, nor did Complainant provide proof of the specific monetary impact that these condition issues have on the TVM of the subject property. Complainant admitted he is not a licensed appraiser in the State of Missouri, nor does he have experience making market-based valuation adjustments to comparable sales to determine the TVM of a subject property. Complainant’s valuation is based on improper elements and therefore is speculative. 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 \$235,000, with an assessed value of \$44,650.

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 February 10, 2023.

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 February 10, 2023, 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