



STATE TAX COMMISSION OF MISSOURI ASSESSOR MANUAL

TABLE OF CONTENTS

REVISION DATE: 06/30/2016

Page 1 of 15

TABLE OF CONTENTS

CHAPTER I - ADMINISTRATION

1.0 INTRODUCTION	I - 1
1.1 HISTORY OF THE STATE TAX COMMISSION	I - 1
1.2 FUNCTIONS OF THE STATE TAX COMMISSION	I - 1
1. SUPERVISION OF ASSESSMENT PRACTICES	I - 1
2. ASSESSMENT APPEALS.....	I - 2
3. ORIGINAL ASSESSMENT.....	I - 2
4. RATIO STUDY	I - 2
5. INTER-COUNTY EQUALIZATION	I - 2
6. MISCELLANEOUS FUNCTIONS.....	I - 2

CHAPTER II - GENERAL INFORMATION

2.0 HISTORY OF REASSESSMENT	II - 1
2.1 TAX DAY.....	II - 2
2.2 CLASSIFICATION OF PROPERTY.....	II - 3
1. CLASSES	II - 3
A. REAL PROPERTY	II - 3
1. DEFINITIONS.....	II - 3
2. SUBCLASSES.....	II - 4
B. PERSONAL PROPERTY.....	II - 5
C. PROBLEM AREAS IN CLASSIFYING PROPERTY	II - 5
1. FIXTURES	II - 5
2. SPLIT USE	II - 6
3. FOREST LAND.....	II - 6
4. MINING PROPERTY	II - 7
2.3 PERSONAL PROPERTY	II - 7
1. PERSONAL PROPERTY LISTS AND PENALTIES.....	II - 7
A. ALL COUNTIES EXCEPT CITY OF ST. LOUIS	II - 7
B. CITY OF ST. LOUIS.....	II - 8
2. WHERE TO TAX PERSONAL PROPERTY	
A. INTRODUCTION	II - 9
B. NATURAL PERSONS	II - 9
C. CORPORATIONS OR PARTNERSHIPS.....	II - 10



STATE TAX COMMISSION OF MISSOURI ASSESSOR MANUAL

TABLE OF CONTENTS

REVISION DATE: 06/30/2016

Page 2 of 15

D. NON-MISSOURI RESIDENTS	II - 10
E. MILITARY PERSONNEL	II - 10
F. SUMMARY	II - 12
3. TAXATION OF INSTRUMENTALITIES OF INTERSTATE COMM.	II - 13
A. TAXABILITY	II - 13
B. TRUCKS INVOLVED IN INTERSTATE COMMERCE	II - 13
1. ASSESSMENT PROCEDURE	II - 13
a. IDENTIFYING TRUCKS	II - 13
2. ASSESSMENT AND APPORTIONMENT	II - 14
3. BOATS AND BARGES	II - 15
4. AIRCRAFT	II - 15
5. BUSINESS PERSONAL PROPERTY	II - 16
A. PROCEDURE FOR ASSESSING BUSINESS PERSONAL PROPERTY ...	II - 16
B. DETERMINING RECOVERY PERIODS	II - 17
1. LIST OF BPP GROUPS BY RECOVERY PERIOD	II - 18
2. ALPHABETICAL LISTING OF BPP GROUPS	II - 23
2.4 EXEMPTIONS	II - 27
OVERVIEW OF EXEMPTION LAWS IN THE STATE OF MISSOURI	II - 27
1. OWNED BY THE STATE, COUNTY OR OTHER	II - 29
2. NONPROFIT CEMETERIES	II - 32
3. AGRICULTURAL OR HORTICULTURAL SOCIETIES	II - 32
4. SOLAR ENERGY SYSTEMS	II - 33
5. RELIGIOUS, SCHOOLS AND COLLEGES, AND CHARITIES	II - 33
A. RELIGIOUS	II - 34
B. SCHOOLS AND COLLEGES	II - 39
C. CHARITIES	II - 42
1. THE FRANCISCAN TEST	II - 42
2. SENIOR CITIZEN HOUSING	II - 44
3. HOSPITAL/MEDICAL PROPERTY	II - 46
4. MISCELLANEOUS CASES	II - 46
5. CONCLUSION	II - 47
6. PARTIAL EXEMPTIONS	II - 47
7. MISCELLANEOUS EXEMPTIONS	II - 50
A. FRATERNAL ORGANIZATION	II - 50
B. BANK PERSONAL PROPERTY	II - 51
C. MERCHANTS' AND MANUFACTURERS' INVENTORY	II - 52
D. UNITED STATES' PROPERTY	II - 54



**STATE TAX COMMISSION OF MISSOURI
ASSESSOR MANUAL**

TABLE OF CONTENTS

REVISION DATE: 06/30/2016

Page 3 of 15

E. REAL PROPERTY OF FORMER PRISONERS OF WAR (POWs) WHO ARE 100% DISABLED BY A SERVICE-RELATED DISABILITY.....II -	
55	
2.5 THE APPEAL PROCESS	II - 56
1. INFORMAL HEARINGS	II - 56
2. BOARD OF EQUALIZATION.....	II - 57
A. SECOND, THIRD AND FOURTH CLASS COUNTIES.....	II - 57
B. NON-CHARTER FIRST CLASS COUNTIES	II - 59
C. ST. LOUIS CITY	II - 59
D. CHARTER FIRST CLASS COUNTIES	II - 60
3. STATE TAX COMMISSION	II - 60
A. FILING THE COMPLAINT	II - 60
B. TWO-YEAR CYCLE.....	II - 62
C. REPRESENTATION	II - 62
D. EVIDENCE.....	II - 62
E. PROCEDURE	II - 63
4. APPEAL TO THE FULL COMMISSION.....	II - 63
2.6 TAX RATES.....	II - 64
1. PRESENT ROLLBACK LAW.....	II - 65
2. RATE-SETTING EXAMPLE	II - 66
2.7 TAX INCREMENT FINANCING	II - 67
2.8 PROPERTY TAX ABATEMENTS	II - 68
1. ENTERPRISE ZONES AND ENHANCED ENTERPRISE ZONES.....	II - 68
A. ENTERPRISE ZONES	II - 68
B. ENHANCED ENTERPRISE ZONES	II - 70
C. ASSESSOR’S DUTY	II - 70
D. FURTHER INFORMATION	II - 71
2. URBAN REDEVELOPMENT CORPORATIONS	II - 72
3. LAND CLEARANCE AUTHORITY ABATEMENTS	II - 72
4. FOREST CROPLAND	II - 73
2.9 THE LEGISLATIVE PROCESS.....	II - 73
2.10 PUBLIC RECORDS--THE SUNSHINE LAW.....	II - 74
1. DEFINITION.....	II - 74
2. ACCESS	II - 75
3. COPYING.....	II - 75
4. PENALTIES	II - 76
5. SOURCES.....	II - 76



STATE TAX COMMISSION OF MISSOURI ASSESSOR MANUAL

TABLE OF CONTENTS

REVISION DATE: 06/30/2016

Page 4 of 15

6. EXCEPTIONS – RECORDS OF MINING COMPANIES.....	II – 76
2.11 RULES OF THE STATE TAX COMMISSION.....	II - 77
2.12 CALENDAR OF STATUTORY DATES	II - 77

CHAPTER III - ORIGINAL ASSESSMENT

3.0 ORIGINAL ASSESSMENT.....	III - 1
1. MISSOURI STATUTES	III - 1
2. FAIR MARKET VALUE	III - 1
3. UNIT VALUE	III - 2
4. CORRELATION	III - 3
5. ALLOCATION.....	III - 3
6. APPORTIONMENT.....	III - 6
3.1 AIRCRAFT.....	III - 6
3.2 PRIVATE CAR COMPANIES	III - 7
1. VALUATION AND ASSESSMENT.....	III - 8
2. ALLOCATION.....	III - 9
3.3 IMPORTANT DATES TO REMEMBER FOR ASSESSOR’S OFFICE.....	III - 9
3.4 FORMS	III - 10

CHAPTER IV - RATIO STUDY

4.0 ASSESSMENT RATIO STUDIES	IV - 1
4.1 MISSOURI RATIO STUDY’S REQUIREMENTS & CONCEPTS	IV - 2
1. BACKGROUND	IV - 3
A. MISSOURI RATIO STUDY TECHNICAL ADVISORY GROUP	IV - 4
2. RESPONSIBILITIES AND OBJECTIVES	IV - 5
3. RATIO STUDY CYCLE	IV - 5
4. STATUTORY ASSESSMENT RATES	IV - 7
4.2 RATIO STUDY METHODOLOGY	IV - 7
1. RESIDENTIAL RATIO STUDY	IV - 7
2. AGRICULTURAL RATIO STUDY	IV - 7
3. COMMERCIAL RATIO STUDY	IV - 8
4.3 DATA REQUIREMENTS.....	IV - 8
1. ASSESSMENT ROLL	IV- 08
2. BUILDING STRUCTURE DATABASE	IV- 10



STATE TAX COMMISSION OF MISSOURI ASSESSOR MANUAL

TABLE OF CONTENTS

REVISION DATE: 06/30/2016

Page 5 of 15

3. SALES DATABASE	IV- 11
A. SALES VALIDATION AND VERIFICATION	IV- 12
B. REQUESTED SALES DATABASE FIELDS.....	IV- 13
4. ONLINE DATA PROCESSES	IV- 14
4.4 DATABASE PREPARATION	IV- 14
1. COUNTY INFORMATION	IV- 14
2. FORMATTING FILES	IV- 14
4.5 RANDOM SAMPLING PROCESS	IV- 15
1. STRATIFIED RANDOM SAMPLING FOR APPRAISAL STUDIES	IV- 15
4.6 RESIDENTIAL SALES STUDY PROCEDURES	IV- 21
1. RELIABILITY TEST	IV- 22
EXAMPLE RELIABILITY TEST	IV- 24
2. TRADITIONAL SALES STUDY	IV- 30
EXAMPLE RESIDENTIAL SALES STUDY REPORT.....	IV- 32
3. COUNTY MEETING PROCESS – RESIDENTIAL SALES STUDY	IV- 41
4.7 RANDOM APPRAISAL STUDY (Residential, Agricultural, Commercial).....	IV- 41
1. APPRAISAL VALUATION	IV- 42
A.RESIDENTIAL/AGRICULTURAL PROPERTY	IV- 43
B. COMMERCIAL PROPERTY	IV- 43
2. INTERNAL REVIEW	IV- 44
EXAMPLE APPRAISAL REPORT.....	IV- 45
3. EXTERNAL REVIEW (County Meeting).....	IV- 62
EXAMPLE COUNTY MEETING REVIEW FORM	IV- 63
4.8 DECISION MODEL	IV- 64
1. RESIDENTIAL DECISION MODEL.....	IV- 64
A.RESIDENTIAL SALES STUDY MODEL	IV- 66
B. RESIDENTIAL APPRAISAL STUDY MODEL.....	IV- 68
2. AGRICULTURAL & COMMERCIAL DECISION MODEL	IV- 69
4.9 STATISTICS	IV-69
1. MEASURES OF CENTRAL TENDENCY	IV-70
2. MEASURES OF VARIATION.....	IV-73



STATE TAX COMMISSION OF MISSOURI ASSESSOR MANUAL

TABLE OF CONTENTS

REVISION DATE: 06/30/2016

Page 6 of 15

CHAPTER V - TECHNICAL ASSISTANCE

5.0 INTRODUCTION	V- 1
5.1 COMPONENTS OF AN EFFECTIVE ASSESSMENT SYSTEM	V- 1
A. ADMINISTRATION	V - 2
B. RECORDS	V - 4
C. ASSESSMENT MAPS	V - 5
D. DATA COLLECTION	V - 5
E. VALUATION.....	V - 6
F. STATISTICAL STUDIES.....	V - 6
G. SUMMARY	V - 7
5.0 THE MASS APPRAISAL PROCESS.....	V- 10
1. DEFINE THE APPRAISAL PROCESS.....	V - 14
2. CONDUCT A PRELIMINARY STUDY AND OUTLINES THE PLAN	V - 15
3. DEVELOP AND ANALYZE MARKET DATA	V - 16
A. COST INDEX.....	V - 18
B. DEPRECIATION BENCHMARKS	V - 18
C. INCOME AND EXPENSE GUIDES	V - 18
D. CAPITALIZATION RATES.....	V - 18
E. GROSS RENT MULTIPLIERS.....	V - 18
F. BASIC UNIT VALUES	V - 18
4. APPLICATION OF THE DATA	V - 18
A. SALES COMPARISON APPROACH.....	V - 21
B. INCOME APPROACH.....	V - 21
C. COST APPROACH	V - 23
5. CORRELATION	V - 26
6. FINAL ESTIMATE OF VALUE	V - 26
5.3 ASSESSMENT MAINTENANCE PLAN	V - 29
1. TWO YEAR ASSESSMENT CYCLE.....	V - 29
2. ASSESSMENT MAINTENANCE PLAN	V - 29
A. FUNCTIONS AND RESPONSIBILITIES.....	V - 30
B. CHARTS AND REPORTS	V - 31
C. FORMS TO UTILIZED.....	V - 38
D. PERSONNEL ESTIMATION CHART AND EMPLOYMENT SCH	V - 40
E. PHASE DELINEATION CHART	V - 45
1. ADMINISTRATION.....	V - 45



STATE TAX COMMISSION OF MISSOURI ASSESSOR MANUAL

TABLE OF CONTENTS

REVISION DATE: 06/30/2016

Page 7 of 15

2. MAPPING.....	V - 46
3. MARKET ANALYSIS	V - 47
4. REAL ESTATE	V - 48
5. PERSONAL PROPERTY	V - 49
6. HEARINGS	V - 50
F. PLAN BUDGET.....	V - 54
G. ASSESSMENT MAINTENANCE PLAN - SIGN OFF	V - 61
5.4 PUBLIC RELATIONS	V - 62
1. NEWS MEDIA	V - 63
2. PUBLIC APPEARANCES.....	V - 64
3. PERSONAL CONTACTS.....	V - 64
4. CORRESPONDENCE.....	V - 66
5. INFORMATIONAL BROCHURES	V - 67
5.5 USE OF ELECTRONIC DATA PROCESSING.....	V - 68
1. COMPUTER APPLICATIONS	V - 69
A. RECORD MANAGEMENT.....	V - 69
B. VALUATION APPLICATIONS.....	V - 69
1. COST APPROACH.....	V - 70
2. MARKET APPROACH	V - 73
3. INCOME APPROACH	V - 73
4. STATISTICAL PROGRAMS	V - 73
C. ADMINISTRATIVE APPLICATIONS	V - 73
2. COMPUTER PROGRAM MINIMUMS.....	V - 74
1. GENERAL REQUIREMENT	V - 75
2. PERSONAL PROPERTY	V - 76
3. REAL PROPERTY.....	V - 78
4. APPRAISAL PROGRAMS.....	V - 82
5.6 CONTRACTING FOR SERVICES	V - 85
1. APPRAISAL.....	V - 85
A. REVALUATION WITH A CONSULTANT	V - 85
B. REVALUATION BY PROFESSIONAL FIRM.....	V - 88
C. INVITATION TO BID	V - 88
1. PURPOSE AND VALUATION GOALS.....	V - 90
2. GENERAL SCOPE OF COMPANY'S SERVICE	V - 90
3. APPROVAL OF PERSONNEL	V - 90
4. APPRAISAL OF LAND.....	V - 90
5. APPRAISAL OF RES., AG, AND COMM. PROPERTY	V - 90



STATE TAX COMMISSION OF MISSOURI ASSESSOR MANUAL

TABLE OF CONTENTS

REVISION DATE: 06/30/2016

Page 8 of 15

6. PROPERTY RECORD CARD	V - 90
7. PREPARATION OF BASE COST SCHED./COST INDEX.....	V - 91
8. USE OF COUNTY RECORDS	V - 91
9. FINAL REVIEW	V - 91
10. WORK AND DELIVERY SCHEDULE	V - 91
11. HEARINGS AND DEFENSE OF VALUES	V - 91
12. PUBLIC RELATIONS	V - 92
13. TRAINING OF ASSESSMENT PERSONNEL.....	V - 92
14. INSURANCE AND PERFORMANCE BONDS	V - 92
15. OFFICE SPACE AND EQUIPMENT.....	V - 92
16. COMPENSATION AND PROGRESS REPORTS	V - 93
17. RESTRICTIONS AND COMPLETION PENALTIES.....	V - 93
D. CONTRACTOR SELECTION	V - 93
E. CONTRACT PREPARATION	V - 94
F. COMPLETION OF WORK	V - 95
2. AERIAL PHOTOGRAPHY AND MAPPING.....	V - 95
A. INVITATION TO BID	V - 96
1. INSTRUCTIONS TO BIDDERS	V - 96
2. PROJECT SPECIFICATIONS.....	V - 96
3. DATE TO BE SUBMITTED.....	V - 97
B. SELECTING THE CONTRACTOR	V - 97
C. MONITORING THE MAPPING CONTRACT	V - 97
5.7 ASSESSMENT MAPPING	V - 99
1. AERIAL PHOTOGRAPHY	V - 99
A. PRELIMINARY SURVEY	V - 99
B. COUNTY INDEX MAP	V - 99
C. BASIC MAPPING MODULE	V - 100
D. MAP SCALES	V - 100
E. AERIAL ENLARGEMENT TYPES	V - 107
F. COUNTY CONTROL NETWORK.....	V - 108
G. FLIGHT PLAN	V - 108
H. PHOTOGRAPHIC SPECIFICATIONS	V - 109
1. GENERAL SPECIFICATIONS	V - 109
2. PHOTOGRAMMETRY	V - 109
2. MAP AND PARCEL IDENTIFICATION SYSTEMS.....	V - 110
A. STANDARD PARCEL IDENTIFICATION SYSTEMS.....	V - 111
1. GEOGRAPHIC COORDINATE SYSTEMS.....	V - 111



**STATE TAX COMMISSION OF MISSOURI
ASSESSOR MANUAL**

TABLE OF CONTENTS

REVISION DATE: 06/30/2016

Page 9 of 15

2. RECTANGULAR SURVEY SYSTEM	V - 111
3. MAP BOOK-PAGE IDENTIFICATION SYSTEM	V - 112
3. CADASTRAL BASE MAPPING	V - 115
A. PLANNING	V - 115
B. DATA RESEARCH	V - 120
C. INITIAL DEED PLOTTING	V - 120
D. FINAL OWNERSHIP MAPS	V - 121
E. ASSESSMENT MAP PRINTS	V - 121
4. MISSOURI UNIFORM MAP AND PARCEL NUMBERING SYSTEM	V - 125
A. MISSOURI UNIFORM PARCEL NUMBERING SYSTEM	V - 125
B. OWNERSHIP MAP NUMBERING SYSTEM	V - 130
5. ASSESSMENT MAP MAINTENANCE	V - 134
A. MAINTENANCE OF MAPS AND OFFICE RECORDS	V - 138
B. MAP CONTRACT DELIVERABLES	V - 139
C. MAP MAINTENANCE REQUIREMENTS	V - 140
D. DRAFTING STANDARDS	V - 143
E. OWNERSHIP INDEX SYSTEM	V - 146
F. UPDATING PROCEDURES	V - 147
1. OWNERSHIP MAPS	V - 147
2. PROPERTY INDEX CARDS	V - 147
5.8 MARKET STUDIES	V - 154
1. NEIGHBORHOOD SALES RATIO	V - 160
2. LAND ANALYSIS	V - 161
3. DEPRECIATION STUDY	V - 162
4. INDEX STUDY	V - 162

CHAPTER VI – VALUATION

6.0 FUNDAMENTAL APPRAISAL CONCEPTS	VI – 1
1. THE NATURE OF VALUE	VI – 2
2. THE PROPERTY RIGHTS TO BE APPRAISED	VI – 3
A. PROPERTY TAXATION	VI – 3
B. EMINENT DOMAIN	VI – 4
C. POLICE POWER	VI – 4
D. ESCHEAT	VI – 4
3. SPECIAL CHARACTERISTICS OF REAL PROPERTY	VI – 4
A. IMMOBILITY	VI – 5



STATE TAX COMMISSION OF MISSOURI ASSESSOR MANUAL

TABLE OF CONTENTS

REVISION DATE: 06/30/2016

Page 10 of 15

B. DURABILITY	VI – 5
C. NONSTANDARD COMMODITY	VI – 5
4. BASIC PRINCIPLES OF VALUE	VI – 5
A. ANTICIPATION	VI – 5
B. SUBSTITUTION.....	VI – 6
1. THE COST APPROACH.....	VI – 6
2. THE MARKET DATA APPROACH.....	VI – 6
3. THE INCOME APPROACH	VI – 6
C. CHANGE.....	VI – 6
1. DEVELOPMENT OR GROWTH	VI – 7
2. EQUILIBRIUM.....	VI – 7
3. DISINTEGRATION.....	VI – 7
D. COMPETITION	VI – 7
E. BALANCE.....	VI – 8
F. INCREASING AND DECREASING RETURNS.....	VI – 8
G. CONTRIBUTION	VI – 9
H. SURPLUS PRODUCTIVITY	VI – 9
1. CONFORMITY.....	VI – 10
J. SUPPLY AND DEMAND	VI – 11
K. EXTERNALITIES	VI – 11
L. HIGHEST AND BEST USE.....	VI – 11
1. LEGALLY PERMISSIBLE	VI – 11
2. PHYSICALLY POSSIBLE.....	VI – 12
3. FINANCIALLY FEASIBLE	VI – 12
4. MAXIMUM PRODUCTIVITY	VI – 12
5. THE VALUATION PROCESS	VI – 12
A. DEFINITION OF THE PROBLEM.....	VI – 13
B. DATA COLLECTION AND PROPERTY DESCRIPTION	VI – 14
C. DATA ANALYSIS.....	VI – 15
D. LAND VALUE OPINION	VI – 15
E. APPLICATION OF THE APPROACHES TO VALUE.....	VI – 16
F. RECONCILIATION OF VALUE INDICATIONS AND FINAL OPINION OF VALUE	VI – 16
G. REPORT OF DEFINED VALUE	VI – 16
6. THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE OR USPAP	VI – 17
A. THE ETHICS RULE, IN BRIEF	VI – 17



STATE TAX COMMISSION OF MISSOURI ASSESSOR MANUAL

TABLE OF CONTENTS

REVISION DATE: 06/30/2016

Page 11 of 15

B. THE RECORD KEEPING RULE IN BRIEF	VI – 18
C. THE COMPETENCY RULE, IN BRIEF.....	VI – 18
D. THE SCOPE OF WORK RULE, IN BRIEF.....	VI – 18
E. THE JURISDICTIONAL EXCEPTION RULE, IN BRIEF	VI – 18
F. STANDARD 1: REAL PROPERTY APPRAISAL, DEVELOPMENT.....	VI – 18
G. STANDARD 2: REAL PROPERTY APPRAISAL, REPORTING	VI – 18
H. STANDARD 3: APPRAISAL REV., DEVELOPMENT & REPORTING	VI – 19
I. STANDARD 4: REAL PROPERTY APPRAISAL CONSULTING, DEVELOPMENT	VI – 19
J. STANDARD 5: REAL PROPERTY APPRAISAL CONSULTING, REPORTING.....	VI – 19
K. STANDARD 6: MASS APPRAISAL, DEVELOPMENT & REPORTING.....	VI – 19
L. STANDARD 7: PERSONAL PROPERTY APPRAISAL, DEVELOPMENT	VI – 19
M. STANDARD 8: PERSONAL PROPERTY APPRAISAL, REPORTING.....	VI – 20
N. STANDARD 9: BUSINESS APPRAISAL, DEVELOPMENT	VI – 20
O. STANDARD 10: BUSINESSESS APPRAISAL, REPORTING	VI – 20
6.1 LAND VALUATION	VI – 20
1. LAND IDENTIFICATION	VI – 25
A. RECTANGULAR SURVEY SYSTEM	VI – 25
B. METES AND BOUNDS DESCRIPTIONS.....	VI – 33
C. LOT AND BLOCK SYSTEM	VI – 37
2. SITE ANALYSIS – VALUATION FACTORS	VI – 39
A. PHYSICAL FACTORS	VI – 39
B. ECONOMIC FACTORS.....	VI – 40
C. GOVERNMENTAL FACTORS.....	VI – 40
D. SOCIAL FACTORS	VI – 40
3. SITE ANALYSIS – UNITS OF COMPARISON	VI – 43
A. STANDARD UNITS OF MEASUREMENTS	VI – 43
1. FRONT FOOT	VI – 43
2. SQUARE FOOT	VI – 44
3. ACRE.....	VI – 44
4. SITE/LOT UNIT.....	VI – 44
5. BUILDABLE UNIT	VI – 44
B. STANDARD UNIT ADJUSTMENTS	VI – 45



STATE TAX COMMISSION OF MISSOURI ASSESSOR MANUAL

TABLE OF CONTENTS

REVISION DATE: 06/30/2016

Page 12 of 15

1. EXCESS FRONTAGE INFLUENCE	VI – 45
2. DEPTH INFLUENCE	VI – 46
3. CORNER INFLUENCE	VI – 51
4. IRREGULAR LOTS.....	VI – 51
4. LAND VALUATION.....	VI – 55
A. SALES COMPARISON	VI – 55
B. EXTRACTION OR ALLOCATION	VI – 59
6.2 THE COST APPROACH	VI – 61
1. THE COST CONCEPT	VI – 62
A. METHODS OF COST ESTIMATING.....	VI – 63
B. DEPRECIATION.....	VI – 65
C. ESTIMATING ACCRUED DEPRECIATION	VI – 70
1. ANALYSIS OF SUBJECT PROPERTY	VI – 76
A. INDICATION OF NEIGHBORHOOD.....	VI – 76
B. SITE AND IMPROVEMENT INSPECTION	VI – 76
C. PHYSICAL PROPERTY CHARACTERISTICS.....	VI – 77
D. IDENTIFICATION OF HIGHEST AND BEST VALUE.....	VI – 77
2. MARKET RESEARCH AND ANALYSIS	VI – 77
3. THE COMPARISON AND ADJUSTMENT PROCESS	VI – 79
A. UNITS OF COMPARISON.....	VI – 79
1. RESIDENTIAL PROPERTIES	VI – 79
2. COMMERCIAL PROPERTIES	VI – 79
3. INDUSTRIAL PROPERTIES	VI – 80
B. THE ELEMENTS OF COMPARISON	VI – 81
1. MARKET CONDITION (TIME	VI – 81
2. LOCATION	VI – 81
3. CONDITION OF SALE	VI – 82
4. FINANCING TERMS	VI – 82
5. PHYSICAL CHARACTERISTICS.....	VI – 82
C. ADJUSTMENT TECHNIQUES.....	VI – 82
1. LUMP-SUM OR WHOLE PROPERTY ADJUSTMENTS.....	VI – 82
2. COMPONENT DOLLAR ADJUSTMENT	VI – 83
3. PERCENTAGE ADJUSTMENTS.....	VI – 83
4. PERCENTAGE FACTORING ADJUSTMENTS	VI – 84
4. RECONCILIATION OF VALUE AND FINAL OPINION OF VALUE.....	VI – 88
5. MULTIPLE REGRESSION ANALYSIS	VI – 88
6.4 THE INCOME APPROACH TO VALUE.....	VI - 91



STATE TAX COMMISSION OF MISSOURI ASSESSOR MANUAL

TABLE OF CONTENTS

REVISION DATE: 06/30/2016

Page 13 of 15

1. BASIC ASSUMPTIONS	VI – 91
A. VALUE IS A FUNCTION OF INCOME.....	VI – 91
B. REMIANING ECONOMIC LIFE	VI – 92
C. DISCOUNTING AND THE CAPITALIZATION PROCESS.....	VI – 92
2. PROCESSING INCOME	VI – 94
A. GROSS INCOME	VI – 95
B. VACANY AND COLLECTION LOSSES.....	VI – 95
C. EFFECTIVE GROSS INCOME	VI – 95
D. EXPENSES	VI – 96
1. FIXED EXPENSES	VI – 96
2. OPERATING EXPENSE	VI – 97
3. RESERVES FOR REPLACEMENT.....	VI – 97
E. NET INCOME.....	VI – 99
F. CAPITALIZATION REATES AND MULTIPLIERS.....	VI – 99
A. COMPONENTS OF A CAPITALIZATION RATE	VI – 99
1. INTEREST RATE	VI – 99
2. RECAPTURE RATE.....	VI – 102
3. EFFECTIVE TAX RATE.....	VI – 103
B. MARKET DERIVED RATES AND MULTIPLIERS	VI – 103
1. GROSS RENT MULTIPLIERS AND GROSS INCOME MULTIPLIERS ..	VI – 104
2. OVERALL RATES	VI – 104
3. DISCOUNT RATES.....	VI – 106
C. BAND-OF-INVESTMENT METHOD	VI – 107
3. CAPITALIZATION METHODS	VI – 107
A. DIRECT CAPITALIZATION	VI – 110
B. MORTGAGE-EQUITY CAPITALIZATION	VI – 111
1. BAND-OF-INVESTMENT	VI – 111
C. DISCOUNTED CASH FLOW	VI – 112
6.5 RECONCILIATION OF VALUE/CORRELATION	VI – 114
SUPPLEMENT.....	VI – 119
LAND VALUATION	VI – 119
A. SUBDIVISION DEVELOPMENT ANALYSIS.....	VI – 119
B. CAPITALIZATION OF GROUD RENT	VI – 122
C. LAND RESIDUAL CAPITALIZATION	VI – 122
INCOME APPROACH	VI – 124
A. BAND-OF-INVESTMENT METHOD.....	VI – 124
1. LOAN AMORTIZATION AND EQUITY BUILDUP	VI – 125



**STATE TAX COMMISSION OF MISSOURI
ASSESSOR MANUAL**

TABLE OF CONTENTS

REVISION DATE: 06/30/2016

Page 14 of 15

B. STRAIGHT-LINE CAPITALIZATION.....	VI – 129
C. ANNUITY CAPITALIZATION	VI – 130
1. THE INWOOD PREMISE	VI – 135
2. THE HOSKOLD PREMISE	VI – 135
3. CAPITALIZATION TECHNIQUES	VI – 136
A. LAND RESIDUAL TECHNIQUE	VI – 138
B. BUILDING RESIDUAL TECHNIQUE	VI – 138
C. PROPERTY RESIDUAL TECHNIQUE	VI – 140

CHAPTER VII - SPECIALITY PROPERTY GUIDELINES

7.0 SPECIALITY PROPERTY GUIDELINES.....	VII - 0 - 1
7.1 RURAL ELECTRIC COOPERATIVES GUIDELINES	VII - 1 - 1
1. OVERVIEW	VII - 1 - 1
2. MARKET VALUE ESTIMATE	VII - 1 - 2
3. UPDATES.....	VII - 1 - 4
7.2 CABLE TELEVISION SYSTEM VALUATION GUIDELINES	VII - 2 - 1
1. CABLE TELEVISION SYSTEMS	VII - 2 - 1
A. DEFINITION OF SYSTEM	VII - 2 - 2
1. HEADEND	VII - 2 - 2
2. DISTRIBUTION.....	VII - 2 - 2
3. SUBSCRIBER CONNECTION	VII - 2 - 3
B. REGULATION	VII - 2 - 3
C. CLASSIFICATION OF PROPERTY AD VALOREM TAXATION.....	VII - 2 - 3
1. REAL PROPERTY	VII - 2 - 4
2. TANGIBLE PERSONAL PROPERTY.....	VII - 2 - 5
7.3 AG LAND VALUATION GUIDELINES	VII - 3 - 1
SUPPLEMENTAL LAND GRADING INFORMATION	VII - 3 - 2
1. SOIL CHARACTERISTICS	VII - 3 - 3
A. LAND FEATURES	VII - 3 - 3
B. SLOPES	VII - 3 - 3
C. EROSION.....	VII - 3 - 4
D. FLOODING	VII - 3 - 4
E. PRODUCTIVITY.....	VII - 3 - 4
F. CLIMATE AND MOISTURE AVAILABILITY	VII - 3 - 5
G. COLOR OF SOIL	VII - 3 - 5
H. TEXTURE	VII - 3 - 5



STATE TAX COMMISSION OF MISSOURI ASSESSOR MANUAL

TABLE OF CONTENTS

REVISION DATE: 06/30/2016

Page 15 of 15

I. SUBSOIL CHARACTERISTICS	VII - 3 - 6
J. SOIL TYPES	VII - 3 - 6
K. OTHER FACTORS	VII - 3 - 6
2. SOIL SURVEY	VII - 3 - 6
3. PRODUCTIVITY INDEX RATING (PI)	VII - 3 - 7
4. CONCLUSION	VII - 3 - 8
SUPPLEMENTAL LAND GRADING DEFINITIONS	VII - 3 - 12
1. AGRICULTURAL/HORICULTURAL LAND CRADES	VII - 3 - 13
A. GRADE 1	VII - 3 - 13
B. GRADE 2	VII - 3 - 13
C. GRADE 3	VII - 3 - 13
D. GRADE 4	VII - 3 - 14
E. GRADE 5	VII - 3 - 14
F. GRADE 6	VII - 3 - 15
G. GRADE 7	VII - 3 - 15
H. GRADE 8	VII - 3 - 16
I. DEFINITIONS	VII - 3 - 16
7.4 ASSESSMENT OF NATURAL GAS DISTRIBUTION COMPANIES	VII - 4 - 1
7.5 LIVESTOCK VALUE GUIDELINES	VII - 5 - 1
7.6 BILLBOARDS – COST APPROACH TO VALUE	VII - 6 - 1
7.7 ASSESSMENT OF WIND ENERGY FACILITIES	VII - 7 - 1
7.8 ASSESSMENT OF PROPANE TANKS	VII - 8 - 1
7.9 STATE ASSESSMENT OF COMMERCIAL AIRCRAFT NOT OWNED BY AIRLINE COMPANIES	VII - 9 - 1
7.10 SUBSIDIZED HOUSING	VII - 10 - 1