

# Be Aware of Your Rights to Appeal Property Tax Assessments in an “Off Year”

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**M**issouri law provides for all real property to be reassessed on a biennial basis for property tax purposes. Many Missouri property owners mistakenly believe they only have the ability to appeal property tax assessments during the odd-numbered reassessment year. This article identifies the circumstances in which owners have rights to appeal assessed values in 2014.

By law, assessors in Missouri assess real property as of Jan. 1 of each odd-numbered year. Those assessments also apply in the following even-numbered year. The exceptions to this odd-numbered year rule are new construction and property improvements. New construction and/or property improvements are valued and added to the assessment as though they had been completed as of Jan. 1 of the preceding odd-numbered year. These changes in a property may result in an increase in assessed value. Assessors are required to provide property owners notice of assessment value increases in “off years,” just as they do during biennial reassessment years.

In the case of new construction or property improvements, the property owner has the opportunity to appeal the new assessment. The basis of the appeal is the determination of the market value of the property based upon the changes or additions to the physical characteristics of that property. The effective date of the new appraised value is Jan. 1 of the preceding odd-numbered reassessment year.<sup>1</sup>

Changes in zoning, neighborhood, or economic conditions subsequent to the biennial assessment date that directly or indirectly affect the property, or a listed sale price below the current assessment, are not considered a basis for a change in value or an appeal in an even-numbered year. However, as the St. Louis County assessor notes on his website, “Assessors are permitted by state law to adjust the values of residential properties rendered uninhabitable by a natural disaster, even though it may occur during the assessment cycle.” Commercial properties that suffer a natural disaster, such as fire, flood, or tornado damage may also qualify for assessment reduction in the “off year,” but assessors themselves are not permitted to make such adjustments. The property owner must appeal the assessment to the county Board of Equalization to obtain an assessment reduction due to property damage sustained between normal reassessment dates.<sup>2</sup>

Initiating the appeal process requires filing the appeal to the appropriate county Board of Equalization. Appeal filing deadlines are the second Monday in July for First Class Counties and the City of St. Louis. Smaller counties have the option of an earlier deadline or the second Monday in July. A successful appeal in the even-numbered year would apply only to that year, as the next odd-numbered year represents the next two-year assessment cycle.

In addition to property damage, a property owner is allowed to file an even-numbered year appeal of the assessment in cases where:

- the owner did not file an appeal in the odd-numbered year;
- the owner purchased the property after the odd-numbered year assessment date (i.e., Jan. 1); or
- the assessment was increased due to new construction or physical improvements to the subject property.

Assessors develop property values using statistical models within an automated mass appraisal system. The statistical modeling uses real-world market data, including new construction costs, sales prices of comparable commercial properties and market data related to rents, expenses, and cap rates. Within that system and for individual appeal responses, the assessor will determine values using the following three appraisal approaches to value:

- **Cost approach**—After the value of the land is estimated, as if vacant, the cost of a structure of similar utility is added, including all current costs factors. In the case of an older structure, a determination of depreciation from all causes developed is subtracted from the calculation of replacement cost. Additionally, in the case of older properties, the determination of depreciation becomes less reliable as a value indicator.
- **Market approach**—The subject property is valued based on an evaluation of properties comparable in date of sale, type, size, and location. These comparable property sales are adjusted to the subject property to develop a range of indicated value. In an active market with sales of similar properties, this would be considered the most reliable indicator of value for commercial properties.

- **Income approach**—The income approach works best for multi-tenant retail, multi-family developments, multi-tenant industrial/warehouse, and office properties. Potential gross income is developed from market data. From this potential gross income, derived vacancies and operating expense percentages are subtracted. The resulting net income is converted, through direct capitalization with a market-derived cap rate, to a value for the subject property.

For both the assessor and the taxpayer filing an appeal, the identification and analysis of the most reliable data set is the determining factor in delivering a realistic value assessment.

In conclusion, property owners, CPAs, and others advising property owners should be aware of the circumstances under which a property may be appealed in “off-years.”

Any Missouri property owner who failed to appeal a 2013 assessment has the right to appeal that assessment in 2014, even if the assessor has not changed the value this year.

- ① Sec. 137.115.1 RSMo.
- ② Missouri Regulation 12 CSR 30-3.005.

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