

Missouri to ask for property sale details

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JEFFERSON CITY, Mo. (AP) -- The State Tax Commission plans to begin seeking information from home buyers in a few Missouri counties to boost the amount of sales data used in assessments.

The new approach comes in response to recommendations from the Joint Committee on Tax Policy, which was charged with studying property assessments as part of last year's rewrite of the state's formula for funding public schools.

The panel recently released its final report. A key recommendation is for the commission to start sending forms to those who buy or sell residential property asking them to disclose the price.

There has been a fight for decades in Missouri over collecting property sales data. The state is among only a few nationwide lacking a sales disclosure law, and assessors would like the information to more accurately gauge a property's market value.

While the school funding formula was overhauled and is now driven less by escalating property values and taxes, what a local community contributes to its schools is still an important factor in how much the state chips in.

Although legislation to require sales disclosure statewide has been proposed for years, it never goes far. amid opposition from the real estate industry and rural lawmakers.

Recognizing political reality, the tax committee sought alternatives to get more information, said the chairman, Rep. Mike Sutherland, R-Warrenton, a former county assessor.

"Rather than keep beating against that wall, I think that if we can encourage and get property owners to voluntarily provide information that's going to get more accurate assessments, that's at least the first thing we should try and explore," he said.

State Tax Commission Chairman Bruce Davis said the agency is pressing ahead with the idea without waiting for legislation directing it to do so. Already, assessors send out letters seeking sales information, but the response rate statewide is between 20 percent and 30 percent, he said.

Officials are hoping a standard letter from the state, with a potential follow-up, will elicit a better result.

"There's a lot of information out there that would be very valuable for the assessor that he or she is not able to obtain," Davis said. "Sales is really the cornerstone of an appraisal system."

The commission is developing letters now, modeled after what other states do, and plans to begin using them within a month in four or five smaller counties, he said. The pilot project will be used to craft a system that can work statewide.

Davis also said people must understand that providing sales information won't lead to their particular home being reassessed, and hence a higher tax bill, but rather the data is used with other information so the assessor can get a broad picture of whether value is rising in an area.

St. Louis city and county, St. Charles County and Jackson County require a "certificate of value" to be filed with assessors. The paperwork lists the sale price of the property and whether it was conducted under any special circumstances that may have caused the price to rise or fall more than normal. The assessor can use the information to determine whether an area's assessed value should rise.

As such, largely suburban school districts contend they are paying their fair share of property taxes, while more rural parts of the state may be under-assessing property and thus receiving more state assistance for schools than they should.

The districts' group hired the University of Missouri-St. Louis Public Policy Research Center to study the perceived differences in property assessments around the state.

The center is looking at property assessment in 25 counties and determining whether studies by the State Tax Commission of county assessments are reliable. Work is expected to be completed in late September, but already, some points are emerging.

"There are considerable differences from county to county about what percentage of values are being captured," said Steve Gardner, manager of the center's public finance initiative and a former Democratic legislator. "In many instances the State Tax Commission's study did not produce valid and/or reliable results."

Gardner said collecting sales information voluntarily has worked in some other states and would provide assessors with more data.

Gardner said his research has found inequities both within counties and between counties in property assessments. Parts of the state are accounting for more than 90 percent of market value, but many others are at less than 75 percent, he said. The standard expected by the International Association of Assessing Officers is 90 percent to 110 percent, he said.

Legislation to accomplish some of the committee's goals, including voluntary sales disclosure, was introduced this spring but didn't pass. Sutherland said another attempt will be made next year.

"That's the ultimate goal: to make sure taxpayers in Missouri have confidence in the property tax system," he said. "That's going to take some work."

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