

Executive Summary

July 25, 2004

The University of Missouri – St. Louis's Public Policy Research Center compared assessor records and sales data to determine the actual level of assessment of residential and commercial real estate in St. Charles County, St. Louis County, and St. Louis City subsequent to the re-assessment of January 1, 2003. This sales ratio study followed the standards set by the International Association of Assessing Officers. The research examined the disparity and equity within and between different property types and groups for each jurisdiction. The report includes some suggestions for potential means of improvement. It also addresses issues of importance for boards of equalization, the Missouri State Tax Commission, and state policy makers based upon explicit findings, or inferences drawn from the research process and the associated review of other data and literature.

The results for the residential class of properties in each jurisdiction are statistically highly reliable. Market data from actual sales of residential property was sufficient to utilize practices recommended by the International Association of Assessing Officers. The report includes these overall results regarding the median percentage of total value captured, along with a range that provides 95% statistical confidence of including the actual median:

- St. Charles County: An estimated median of 96%, within a range of 93 to 97%.
- St. Louis County: An estimated median of 80%, within a range of 79 to 81%.
- St. Louis City: An estimated median of 79%, within a range of 77 to 82%.

For the commercial class of properties, the reliability of results varies depending on the availability of sufficient quantities of quality data. In no jurisdiction are these results as highly reliable as the residential results. We list the following results in the order of their reliability. The report describes the level of confidence that is appropriate for each jurisdiction's results and the reasons for that confidence level.

- St. Louis County: An estimated median of 79%, within a range of 72 to 84%.
- St. Charles County: An estimated median of 96%, within a range of 92 to 99%.
- St. Louis City: An estimated median of 90%, within a range of 85 to 94%.

For residential properties, the statistics and indicators that describe consistency and equity are also highly reliable, except for some small property categories, as explained in the report. We found appraisal consistency to be superior in both St. Charles and St. Louis Counties. St. Louis City results did not meet professional standards, though they are far better than many Missouri counties and show evidence of recent improvement.

None of the three jurisdictions produced truly superior results for consistency for commercial properties, though St. Charles County's results do marginally comply with professional standards. However, all three of these jurisdictions show better consistency than is common in Missouri. Again, readers are reminded that these commercial results are less reliable than those produced for residential properties.

We believe that assessors can meet or exceed professional standards in each of these jurisdictions. Though Missouri law requires highly accurate assessments, the state provides little incentive toward excellent performance, an issue the report examines in some detail.

The report provides results for a wide variety of property types and groupings. A separately bound Appendix of approximately 150 pages provides detailed results for every property category examined, test performed, and statistic calculated, as well as descriptions of data and methodological issues specific to each jurisdiction.

We have appreciated the opportunity to study this issue of significant public policy importance. We hope that the research results provide policy makers and implementers with more comprehensive and reliable information than previously available to make informed choices when contemplating future remedies.

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Thirdly, Robert Gloudemans, whose text this report often cites, was gracious to take our phone call early in the process to clarify some of the finer points regarding stratification and methods of trending valuation changes.

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