

MEMORANDUM

To: Phelps County Real Property Owners
From: Tim Kean, Phelps County Assessor
Date: 08 January 2025
Subject: 2025 Reassessment Cycle

In Missouri, the County Assessor's Office is tasked with a single job; valuing all Real Estate and Personal Property in the county for Property Tax purposes. Laws governing the Assessor's office are outlined in the Revised Statutes of the State of Missouri (RSMo Chapter 137). Oversight and guidance is provided by the Missouri State Tax Commission (STC).

The Assessor's Office works on a two year schedule. In every odd year, we perform a reassessment. At that time values are set for the two year assessment cycle. Besides adding new construction, typical activities for a reassessment year include reevaluating building depreciation and checking the condition of existing buildings. The goal of the reassessment year is to keep Appraised Values within STC guidelines which state that the Appraised Value of each property should be between 90 and 110 percent of actual market value. In the even year our focus is solely on finding previously missed or new construction.

Over the last twenty years Phelps County has only had two major reassessments. In 2007 the Assessor received a Compliance Order from the STC. The order stated that our values were outside of the approved range and we needed to bring them back into compliance or face consequences. Another value increase was completed in 2021, when market studies showed values were lagging in the Rolla and Saint James school districts. By 2022 it was evident that more would need to be done soon. At that time the local real estate market started an upward trend that would last several years before plateauing.

I took office in October 2022. Promptly after my appointment, the STC contacted me and advised that I apply a major increase to our values to keep up with market trends. I was reluctant to accept their recommendation due to other pressing issues. These issues included completing a decade long data conversion from a different computer system and the clean-up and standardization of some of our valuation methods. I decided against an adjustment in 2023.

As of late 2024, the real estate market has hit a plateau but market values have not decreased. Our appraised values are out of compliance with the STC, and each quarter they seem to get worse. Presently our appraised value is 68% of market value. We must increase our market values for the 2025 reassessment year. After much deliberation on how to accomplish this increase, I decided to look specifically at residential land values. Residential land values have not been changed since the 2007 reassessment. Land values, at the very least, need to be adjusted for inflation. After updating the residential land values the STC determined that the increase was not sufficient. In a Memorandum of Understanding (MOU, attached herewith), the STC advised that I include an increase in our building values. It is the STC's desire that we increase our total values (land and building together) approximately 15 percent over those of the 2023 reassessment.

This will only provide the first step towards getting back into compliance with STC standards. There will be more ground to cover but hopefully we can take smaller steps in future reassessment years.

As a matter of course, I will contact the school districts and fire districts. These are the taxing entities that receive the lion's share of the tax dollars. They follow an intricate method to calculate their tax levy. That method does provide something of a cap to the amount of increased revenue the districts can realize. My understanding of the method is that the district can only receive the lesser of the two, assessed value increase or the rate of inflation, based on the Consumer Price Index for the current year. Our approximation is a 15% increase in assessed value will only result in a 3 – 4% tax bill increase. If your property value increases, I will send a Change Notice in the mail no later than June 15, 2025.

If you have any specific questions, please don't hesitate to contact the Assessor's Office. My staff or I would be happy to help you.

Sincerely,

Tim Kean

Phelps County Assessor

Memorandum of Understanding

This Memorandum of Understanding refers to the 2024-2025 Phelps County Assessment Maintenance Plan Agreement (hereby referenced as the "Plan"), signed by the Assessor on 12/12/2024, signed by the County Commissioners on 12/12/2024, and approved and signed by the Commissioners of the State Tax Commission of Missouri on 04/16/2024.

This Memorandum of Understanding made and entered this 5th day of December 2024, by and between the County Assessor and the State Tax Commission, sets out the parties' understanding to the following terms, pursuant to Missouri Revised Statutes 137.115 & 137.750. The 2023-2024 Residential Sales Study results were not within the acceptable parameters.

1. The County Assessor's office will ensure a parcel-by-parcel review of the county is completed to confirm that all data is correct for 2025 County Assessment Cycle
2. The County Assessor will update the county Vanguard Cost Manual to the newest cost data available.
3. The County Assessor has conducted a Depreciation Study, Neighborhood Study and Land Study. The Assessor has analyzed these studies and will raise residential land values as deemed necessary to progress toward market value for the 2025 County Assessment Roll. Land values will be increase by neighborhoods and some increases are projected to be in excess of 35%.
4. The Assessor will continue to monitor the local market and analyze sales data. The County Assessor will consult with their CAMA provider and set their manual level from .80 to at least .90 to progress toward market value for the 2025 County Assessment Cycle. In the event that residential property values increase by more than 15%, the Assessor will make sure Physical Inspections are completed in compliance with Section 137.115, RSMo.
5. The goal for the 2025 County Assessment Roll is to make progress towards fair market value by implementing the items above. The State Tax Commission is aware of the requirements of Section 137.115.10, RSMo., and potential staffing constraints to attain market value; however, counties are not required to conduct a physical inspection for valuation increases up to 15% should a county not have sufficient staffing to comply with Section 137.115.10 for increases in excess of 15%. Additionally, the statutory requirement of Section 137.115.10 pertains to improvements and land values separate and apart. Should a county feel the need to increase land values based on the land study and improvements based on the Depreciation Study and Neighborhood Study, the land may increase by 15% and the improvement may increase by 15% if the market warrants such increases. The State Tax Commission shall continue to monitor the County's progress as set forth in the 2024-2025 County Assessment Maintenance Plan. The State Tax Commission will also continue to monitor the items listed above.

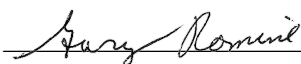
The undersigned approve this Memorandum of Understanding:



County Assessor

12 Dec 24

Dated



STC Chairman

01/07/2025

Dated



STC Commissioner

01/07/2025

Dated



STC Commissioner

01/07/2025

Dated