

Reassessment may show a dramatic increase in the value of some Phelps County homes

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Real estate market values have increases substantially in recent years and as a result, many property owners in Phelps County will see a dramatic increase in the assessed value of their homes.

Phelps County Assessor Kevin Rasmussen has been working on reassessing the property values in Phelps County since he took office in 2005. Missouri law requires every county in the state to reassess its property values every two years during odd-numbered years. The goal of reassessment is to value properties as close as possible their worth on the open market and to ensure the county's tax burden is spread equally among property owners.

"I am required by the Missouri Constitution to reassess all of the properties," Rasmussen said. "Generally, real estate appreciates every two years and tax payers expect to see some increases."

Reassessment is a complicated process guided by the State Tax Commission that takes Rasmussen and employees in the assessor's office two full years to complete. In 2005, Rasmussen began working on a market study, which looks at local cost factors to determine the cost of building per square foot in Phelps County. This figure is then used in reassessment, with depreciation value figured in for older homes.

A sales ratio study is also conducted prior to reassessment. This study compares the property values set by the assessor in the previous assessment year to the actual selling price of properties in the county.

The State Tax Commission then conducts a ratio study to show whether the assessor's level of assessment meet the levels required by the state, which is plus or minus 2.5 percent of the property's actual value on the open market.

In order to reassess property values, Rasmussen and employees in his office must visit all of Phelps County's roughly 21,000 parcels of land.

"We are required to look at every single one of them," Rasmussen said. "We do everything from the outside. We're not allowed to go in unless we are invited."

Missouri is a partial assessment state, meaning that a property's market value is multiplied by a fixed percentage, or assessment rate, depending on the type of property. Residential properties are assessed at 19 percent, agricultural properties are assessed at 12 percent and commercial properties are assessed at 32 percent.

Reassessment is important because property values are used to determine how much property owners pay in real estate taxes. Taxes are figured by taking a property's market value and multiplying it by its assessment rate. That number equals the assessed value of the property, which is divided by 100 and then multiplied by the levy set by the taxing agency to determine what is owed. In Phelps County, the public school districts are the primary taxing agencies.

As property values increase, taxing agencies, including the schools, fire and ambulance districts, and Phelps County itself, must roll back their tax levies to prevent receiving a large increase in tax dollars. For example, the Rolla Public School District's operating levy for 2006-2007 school year is set at 3.54 percent per \$100 in assessed value. Next year, the district must set its operating levy at a percentage that will bring in roughly the same amount of tax dollars as the school collected this year, with adjustments made for the consumer price index.

"It's the district's responsibility to roll back its tax levy to bring in the same amount of money as it did last year," Rolla Public School District Superintendent Dr. Jerry Giger said. "The law does not allow the district to have a windfall. When reassessment occurs, we have some property owners that all of a sudden see a big increase. The school is going to do its best to offset property evaluation by rolling back its levies."

The districts can roll back their levies as much as possible, but are required by the state to maintain an operating levy of at least 2.75 percent per \$100 of assessed property values.

Rasmussen said the reassessment process is roughly 75 percent complete, and it must be finished by the end of March. At that time, he will begin sending letters to residents whose properties' assessed values have increased. Public hearings will then be conducted before property values are turned over to the county for tax collection purposes. There is an appeals process for residents who feel their property has not been accurately assessed.

Phelps County residents who have questions about the reassessment process should contact Rasmussen at 573-458-6135.