

1981
Comparison Study of
St.Louis City Real Estate Taxes
with
Site Value Taxes
Producing Equal Revenues
Using 1980 Assessed Valuations

Site Value Taxes are Property Taxes on Land Values,
Not on Buildings or Other Man-Made Improvements to Land

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GENERAL CONCLUSIONS

In the City of St. Louis, Missouri, taxing only land values can raise revenues equal to taxing land and buildings, with most property owners paying substantially lower taxes. - - -

If such Land (Site) Value Taxation is adopted, taxes would be lower in all parts of the City and in all price ranges of properties.

Improved and developed properties would have lower taxes, and vacant, underdeveloped, and deteriorated properties would be taxed more. The average ratio of total value to land value for properties in St. Louis is 3.2. Properties where total value is more than 3.2 times the value of land (that is, where land is less than 31% of the total value) would pay lower taxes. This includes most homes and other properties owned by individuals.

Samples of St. Louis real estate assessments were selected and analyzed. The first samples were limited to property owned by individuals. In general, individuals would pay lower property taxes.

Other samples of organizations owning real estate indicated that many organizations would also realize substantial tax reductions.

Much of the vacant, underdeveloped or deteriorated property is owned by organizations such as corporations, partnerships, associations, and trusts. This land tends to be of higher value than that owned by individuals.

PROPERTIES OWNED BY INDIVIDUALS

A random sample of all types of properties owned by individuals was selected from the City Assessor's 1980 ledger sheets. The starting point was selected at random. The sample of properties was selected using the first entry on every 70th page. The sample included 108 properties from a universe of 113,000. City real property taxes and equivalent site value taxes were computed for each property.

73% of the properties had lower site value taxes. The average tax decrease was \$66 (23%). 27% of the properties averaged a \$45 (51%) tax increase. 5.5% had increases of 9% or less.

The samples were located on a zip code map. All parts of the city showed a majority of properties with tax decreases.

The samples were spread by valuation of the properties with increments of \$1,000. All valuation ranges showed a majority of properties with tax decreases.

The samples were spread by valuation of the land only with increments of \$500. Again, all valuation ranges showed a majority of properties with tax decreases.

Of the 108 properties, only 4 were vacant and they were of low value.

PROPERTIES OWNED BY ORGANIZATIONS

The City Assessor classifies properties not owned by individuals into several classifications. Among these classifications- Corporations, Associations and Estates, Banks and Trusts, and Redevelopers were sampled randomly by owners. Only properties with assessed valuations separated into land and improvement values were selected. Refer to the following schedule.

Owner Classification	Taxpayers in Samples	With Lower Taxes	Properties	Sampled Properties	Sampled Vacant (1) Lots
Individuals	108	73%	113,000	108	4
Corporations	24	25%	7,890	831	22
Associations and Estates	13	23%	270	59	22
Banks and Trusts	13	50%	225	81	21
Redevelopers	27	22%	667	62	22

(1) Vacant means no assessed value other than land value.

TAX RATES USED IN COMPUTATIONS

Only City of St. Louis tax rates were used in computations:

City tax	.0173
School tax	.0365
Library tax	.0025
Sheltered Workshop tax	.0005
Total	.0568

Note: These rates are applied to assessed values, not to appraised values.

The Equivalent Site Value Tax was computed as follows:

(Total assessed value of real estate) X (Tax rate) = Revenue

(Revenue) ÷ (assessed value of land) = Site Value Tax Rate

The City Assessor's office provided the following figures: (2)

Land Assessed Value:	\$294,600,000
Total Real Estate Assessed Value:	\$952,200,000

\$952,200,000 X .0568 = \$54,084,960 Revenue

\$54,084,960 ÷ \$294,600,000 = .1836 Site Value Tax Rate

(2) These figures exclude \$152,900,000 assessed value not separated into land and improvements. This is property assessed by the State Tax Commission and includes both land and improvements but such a separation was not provided.