MISSOURI COURT OF APPEALS
WESTERN DISTRICT

CATHY RINEHART, ASSESSOR
CLAY COUNTY, MISSOURI

APPELLANT,

v.

LACLEDE GAS COMPANY

RESPONDENT.

DOCKET NUMBER WD83105

DATE: August 18, 2020

Appeal From:

Clay County Circuit Court
The Honorable Kathryn E. Davis, Judge

Appellate Judges:

Division Three: Gary D. Witt, Presiding Judge, Lisa White Hardwick, Judge and Thomas N. Chapman, Judge

---

Attorneys:

Patricia L. Hughes, Liberty, MO, for appellant.

Carl J. Pesce, St. Louis, MO, for respondent.

MISSOURI APPELLATE COURT OPINION SUMMARY

MISSOURI COURT OF APPEALS
WESTERN DISTRICT

CATHY RINEHART, ASSESSOR
CLAY COUNTY, MISSOURI, APPELLANT,
v.
LACLEDE GAS COMPANY, RESPONDENT.

WD83105 Clay County

Before Division Three Judges: Gary D. Witt, Presiding Judge, Lisa White Hardwick, Judge, and Thomas N. Chapman, Judge

Appellant Cathy Rinehart, Assessor of Clay County, Missouri, ("Assessor") appeals from the Circuit Court of Clay County's judgment affirming the State Tax Commission's ("Commission") Order finding the true value in money ("TVM") of Laclede Gas Company's ("Laclede") personal property was $7,100,000.00 in 2014, and $8,900,000.00 in 2015. The Commission determined the TVM of Laclede's real property was $52,500,000.00 in 2015.

Laclede declared the TVM of its personal property as $6,200,000 in 2014, and $6,400,000 in 2015 in its filing with the Assessor. Laclede declared the TVM of its real property as $38,000,000 in that same filing. The Assessor disagreed with Laclede's declarations instead calculating the TVM of Laclede's personal property to be $11,300,000 in 2014, and $11,100,000 in 2015. The Assessor also found the TVM of Laclede's real property to be $79,200,000. The Clay County Board of Equalization ("Board") adopted the Assessor's valuations. However, the Assessor has acknowledged the valuations adopted by the Board were incorrect because the Assessor did not properly account for depreciation even though she had all of the necessary information. The Hearing Officer affirmed the Board's valuations.

Laclede appealed to the Commission presenting the expert testimony of Robert Reilly ("Reilly") who calculated the TVM of Laclede's personal property to be $7,100,000 in 2014, and $8,900,000 in 2015, and Laclede's real property as $52,500,000. Reilly used the unit value method combining the cost approach, income approach, and comparable sales approach in reaching his values. The Assessor presented the expert testimony of Mika Koyama ("Koyama"), who used the unit value method and the cost approach to calculate the TVM of Laclede's personal property to be $12,000,000 for both 2014 and 2015, and $73,800,000 for Laclede's real property. The Commission adopted Reilly's valuations.

The Assessor appealed from the Commission to the circuit court, which affirmed the Commission's valuations.

REVERSED AND REMANDED.

Division Three holds:

(1) The 1993 legislative amendments to section 138.431, RSMo, which eliminated the previous rebuttable presumption that the assessor's values were accurate, preserved the presumption in favor of the boards of equalization's valuations even when the board of equalization adopts the county assessor's valuation.

(2) Because the Assessor admitted that she did not properly apply the depreciation schedule even though she had the necessary information to properly make those calculations, the Assessor's valuations were unreasonable; thus, Laclede rebutted the presumption in favor of the Board's valuation, when the Board adopted the Assessor's valuation.

(3) The Commission erred in adopting Reilly's valuation because the Commission's rules required that the reproduction cost approach be used in calculating the value of natural gas pipeline companies' real and personal property during the period in question, and Reilly used a hybrid approach combining the reproduction cost approach, income approach, and comparable sales approach.

The judgment of the circuit court affirming the Commission's Decision and Order is reversed. This matter is remanded to the Circuit Court for remand to the Commission to calculate, in a manner consistent with this opinion, the TVM of Laclede's real and personal property in service in Clay County as of January 1, 2014 and January 1, 2015 through use of the reproduction cost approach.

Opinion by: Gary D. Witt, Judge August 18, 2020

****

This summary is UNOFFICIAL and should not be quoted or cited.