

A Revaluation is a process that creates a solid base of inventory for tax purposes. The Maine Constitution states that “*All taxes upon real and personal estate, assessed by authority of this State, shall be apportioned and assessed equally according to the just value thereof.*”

To apportion the tax burden equally, an assessor must establish assessed valuations in accordance with just value. Just value is synonymous with market value.

Each year a town votes to raise a certain amount of money to provide and pay for local services, such as education, administration, plowing, etc. Some of the town’s revenue comes from the state through municipal revenue sharing, reimbursement for tree growth tax program loss and education subsidy. Other revenue may come from local service fees or excise tax.

There are several methods to perform a revaluation. A town may opt to make in-house adjustments at little or no cost. There are also professional firms certified to do the job. A thorough revaluation by a professional firm would require a town vote to appropriate the money to pay for the process.

Residents of a town vote to pay for a revaluation because they recognize the need to equalize the valuations so that no one taxpayer pays more or less than their fair share of the tax burden. A revaluation may be needed due to the lack of information about existing properties or due to a change in the overall real estate market.

During a revaluation with a hired professional firm, they will ordinarily visit every property within the town and record building data such as age, dimensions and quality of construction.



Land data will also be collected based on the acreage, topography, improvements, restrictions and covenants.

The firm will review local sales that are considered “arms length” transactions and create pricing schedules for land and buildings.

As a result, all properties will have an assessed value for tax purposes, typically based on current cost of construction and local market sales.

The revaluation from information collected and processed by the firm will apply to the property on April 1.

In most revaluations, a taxpayer will have the opportunity to review their new valuation and ask the professional firm specific questions. The municipality may hold informational meetings as the revaluation progresses.

The municipal assessors are the legal officials who approve the valuations for tax purposes.

After the revaluation and the taxable values are established, the municipal

officials will set a tax rate (mill rate). The mill rate is calculated by dividing the town’s net appropriations (as voted) by the town’s taxable value.

Each year, municipal assessors should review assessment records, make updates for new construction and land splits and monitor sales activity.

Some towns may hire a part-time agent or a full-time assessor to maintain the records. This hiring will depend on the needs of the town and how much money the voters are willing to spend.

In 1975, Maine’s property tax law added language that required a town to maintain valuations equal to at least 70% of market value. This allowed a taxpayer to understand their own valuation and relate it to other property values within the town.

Myth: If a town’s assessment ratio falls below 70%, then the state will step in and order a revaluation. This is not true.

Appeal. A taxpayer has the right to legally appeal their tax assessment if they feel that it is unfair or unjust. If you wish to challenge your assessment, your first step should be to visit your local assessors and discuss your concerns.



TAX RELIEF

Applications are available at your town office, on the Maine Revenue Services website at www.maine.gov/revenue/forms/property/apps/formspubs.htm or by contacting the Property Tax Division at 207-624-5600.

The following exemptions provide for local property tax relief.

Veterans. A person must be a ME resident and; 1) be 62 years old or older and have served on active duty during a recognized war period; or 2) be receiving 100% disability compensation for service connected injury or disease.

Homestead. A person must be a ME resident and have owned and resided in that homestead for at least 12 months prior to date of application.

Blind. A person determined to be legally blind by a medical doctor.

Business Equipment Tax Exemption. For businesses that own qualified equipment placed in service after April 1, 2007.

The following programs provide for property tax relief as a reimbursement.

Business Equipment Tax Reimbursement. Eligible Maine Businesses may receive a rebate of property tax paid on eligible equipment.

Property Tax Fairness Credit. Eligible Maine taxpayers may receive a portion of the property tax or rent paid during the tax year on the Maine individual income tax return.

The following current use programs provide for a reduced land valuation. Withdrawal penalties apply.

Tree Growth. A parcel of land with at least 10 forested acres that are harvested for commercial purposes.

Farm Land. Property must have a minimum of 5 acres and produce an income from agricultural use.

Open Space. No minimum acreage but the parcel must be undeveloped and provide a public benefit.

FREQUENTLY ASKED QUESTIONS

If we have a revaluation, will my taxes go up?

Not necessarily. A town will raise exactly what they vote to appropriate. A revaluation will not raise any more or any less than that amount.

But what if my taxes do increase?

If you see an increase in your individual tax bill, then most likely you were paying less than your fair share of the overall tax burden the year before. Some tax bills may even decrease.

Will we lose Education Funding?

Unlikely. Both the education funding and revenue sharing are based on the town's equalized valuation (state valuation) which is determined by Maine Revenue Services annually. A revaluation only solidifies the base for your state valuation.

Do I have to let them into my home?

No. You have a right to deny entrance. However, in the inspection process of the revaluation, the more information you make available, the more fair your assessment will be. It is important that the inspector review not only the quality of your construction, but also any deterioration or negative influences.

REVALUATIONS



Understanding the Process And the Myths

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Tel: 207-624-5600
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www.maine.gov/revenue/propertytax