

UNDERSTANDING YOUR ASSESSMENT



***An informational booklet explaining
property assessments and
procedures.***

Provided by the Town of York Assessor's Office

This booklet will attempt to explain the Assessment Process as dictated by the laws and policies of the State of Maine and implemented by the Town of York.

This booklet has been compiled using excerpts from the Maine Revised Statutes, State of Maine's Assessment Manual, International Association of Assessing Officer's (IAAO) Course 300 Manual, "Fundamentals of Mass Appraisals", IAAO Manual "Property Assessment Valuation", and the State of Maine Basic Course 2 Manual, Maine Property Tax Law".

The following statements come from the State of Maine Assessment Manual. These points are always to be considered when conducting mass appraisals.

- *There is only a single valid basis for any representation or deviation of full value. That is, actual comparison with sales experience.*
- *A price is a fact; value is an estimate of what the price should be.*
- *Equal Basis: More important than arriving at an exact value for any particular property, is assessing all taxable property within the municipality equitably and without discrimination.*
- *Valuation is constantly changing. Irrespective of the quality of the initial assessment, equity of valuations can be maintained only through constant investigation and adjustment.*

It is the responsibility of the Assessor's Office to annually maintain equitable assessments on a town wide basis, at fair market value. This is accomplished through sales studies and analysis, which are conducted on an ongoing basis. Annual updates of assessments **ensure that the tax burden of the town is distributed equitably.**

The Assessor's Office has an open door policy and affords all property owners a chance for a complete and thorough explanation of their assessment and the assessment process. Our office is located on the first floor of the Town Hall at 186 York Street. Please feel free to contact us at: Tel: 363-1005 Email: assessor@yorkmaine.org.

You can also visit our website at yorkmaine.org where you will find links to our assessment records on the Vision Appraisal website, GIS mapping, tax maps, and sales information.

FREQUENTLY ASKED QUESTIONS

Q. What Property is Taxed?

A. Both *real* (land and buildings) and *personal* property (tangible goods) are subject to taxation, unless they are exempted by law or subject to another form of taxation, such as the excise tax for motor vehicles and boats. Since home furnishings are largely exempt from personal property taxes, the property tax bill for most Maine homeowners is based on the value of the land, the house, and the outbuildings.

Local assessors are required by law to "ascertain as nearly as may be the nature, amount and value as of the first day of April of the real estate and personal property subject to be taxed . . ." This means that if on the 1st day of April you own property that is subject to taxation, then you are liable to pay those taxes to your municipality.

Q. How is Property Assessed?

A. The Maine Constitution says that property shall be assessed according to the "just value" thereof. The courts have interpreted "just value" to mean fair market value or in other words "what the property is worth." A property's worth is commonly looked at as "what a willing buyer would pay a willing seller" for a particular piece of property.

Maine Constitution, Article IX, General Provisions, Section 8. Taxation.

All taxes upon real and personal estates, assessed by authority of this State, shall be apportioned and assessed equally according to the just value thereof.

MRS 36 § 305-1. Property Tax Administration, Bureau of Revenue Services, Just Value

...The equalized just value must be uniformly assessed in each municipality and unorganized place and be based on 100% of the current market value.

The **Bureau** conducts a revaluation each year in order to determine the 100% valuation of each municipality and territory. This State Valuation determines the distribution of State Revenue Sharing and each Town's obligation to its County.

State of Maine Assessment Manual, Chapter XII:

...For our purposes, then a developed assessment ratio of 90% to 100% is considered as meeting the requirements of assessment at full value. Equalization is the principal objective, and any attempt to arrive at an estimate of market value, which would be in complete accord with any of indiscriminate sales or purchase prices is not possible. A variance of 10% is considered to be well within reasonable limits. The important thing is the equalization of the valuations contained in the assessment, rather than the unattainable perfection of a 100% assessment. It should be noted that a complete ratio study is carried through to develop a rating of assessment quality (coefficient of dispersion), rather than just an average ratio.

MRS 36 § 701-A. Just Value defined

In the assessment of property, assessors in determining just value are to define this term in a manner which recognizes only that value arising from presently possible land use alternatives to which the particular parcel of land being valued may be put. In determining just value, assessors must consider all relevant factors, including without limitation, the effect upon value of any enforceable restrictions to which the use of the land may be subjected, current use, physical depreciation, sales in the secondary market, functional obsolescence and economic obsolescence. Restrictions include, but are not limited to, zoning restrictions limiting the use of land, subdivision restrictions and any recorded contractual provisions limiting the use of lands. The just value of land is determined to arise from and is attributable to legally permissible use or uses only.

Market Value

Finding the market value of your property involves discovering the price most people would pay for it in its present condition. It's not quite that simple, however, because the Assessor has to find what this value would be for every property, no matter how big or small. But the Assessor's job doesn't stop there. Each year it has to be done all over again, because the market value of almost everything changes from one year to the next-as we all know.

Determining the market value of property is no easy task. Local assessors use three basic methods to determine a property's worth. One method compares the selling price of similar types of property. A second method determines how much it would take at the current price of materials and labor to replace a building, then subtracts out how much the building has depreciated. The third assessment method evaluates how much income the property would produce if it were rented, like an apartment house, store or factory. One, two or all three of these methods might be used to help the Assessor determine the fair market value of your property. It is also important to note that land and buildings are valued separately. Therefore, a home with water frontage may be assessed at a significantly higher value, because of the land's value, than an identical home without water frontage.

Sales comparison approach

The first method compares your property to others that have sold recently. These prices, however, must be analyzed very carefully to get the true picture. One property may have sold for more than it was really worth because the buyer was in a hurry and would pay any price. Another may have sold for less money than it was actually worth because the owner needed cash right away. The property was sold to the first person who made an offer.

When using the sales comparison approach, the Assessor must always consider such overpricing or under pricing and analyze many sales to arrive at a fair valuation for your property. Size, quality, condition, location, and time of sale are also important factors to consider.

Cost approach

A second way to value your property is based on how much money it would take, at current material and labor costs, to replace your property with one similar. If your

property is not new, the Assessor must also estimate how much a lot like yours would be worth if vacant. When the only sales available for comparison are those with building improvements, measure of land value can be gained by allocating from the total selling price that portion reasonably attributable to the building; this is known as the allocation method of land pricing.

Income approach

The third way is to evaluate how much income your property would produce if it were rented as an apartment house, a store, or a factory. The Assessor must consider operating expenses, taxes, insurance, maintenance costs, and the return most people would expect on your kind of property.

Q. What procedure is followed for Sales Analysis and Land Pricing?

A. The following is a general list of procedures:

- ❑ Review all qualified sale properties that have occurred during the previous 12 months (April 1st – March 31st)
- ❑ Compare previous year's sales prices to determine trends
- ❑ Make sure construction details are correct
- ❑ Make onsite inspections if there appear to be inaccuracies
- ❑ Verify lot sizes and pricing
- ❑ Determine site values using allocation method
- ❑ Apply appropriate site index and /or neighborhood code (street index) in order to establish base acreage price
- ❑ Compare assessed value to sale price
- ❑ Determine median and average sale to assessment ratios
- ❑ Adjust values to surrounding/similar properties
- ❑ Analyze values

When establishing land values we use the Land Allocation Method: Land value is measured by segregation of the amount that improvements contribute to the known sale price. This price is then influenced by location, size, and current use when dealing with land. A building is priced using the Cost Approach to Value, which simplified means replacement cost less depreciation.

Sales ratio studies are available to the public upon request. Lists of all qualified sales are available on the Town of York website.

Q. What are Neighborhood Codes & Site Indexes?

A. The Town of York has 65 neighborhoods; 51 residential and 14 commercial. These **neighborhood codes**, which Vision (our assessing software) now calls street indexes, are multipliers that are applied to the base lot price. This allows the Assessor to price groups of properties at fair market value.

Site indexes are multipliers that allow the Assessor to adjust land prices within a neighborhood or on a street to reflect market value. There are nine residential site indexes and six commercial site indexes in the Town of York.

The formula for pricing land is as follows:

Base Price (\$75,000 per acre for Residential property / \$100,000 per acre for Commercial property) x Site Index multiplier x Index Factor (size adjustment) x Condition Factor x Street Index (Neighborhood Code multiplier) x Lot Size. See example below:

$$\begin{aligned} & \$75,000 \text{ (Base Price)} \times 1.50 \text{ (Site Index)} = \$112,500 \\ & \$112,500 \times 2.926 \text{ (Index Factor based on size of lot)} = \$329,175 \\ & \$329,175 \times 1.00 \text{ (Condition Factor)} = \$329,175 \\ & \$329,175 \times 1.75 \text{ (Street Index)} = \$576,056.25 \\ & \$576,056.25 \times .29 \text{ (Lot Size in Acres)} = \underline{\$167,100} \text{ (Land Value)} \end{aligned}$$

Our assessing software, designed by Vision Appraisal, along with our Geographic Information System allows us to better analyze properties, which results in more precise assessments, assuring equity and fairness.

Q. Are There Standards the Assessor Must Meet?

A. To implement the constitutional requirement that real estate be assessed according to the “just value” thereof, the Legislature enacted assessing standards that municipalities must meet.

MRS 36 § 325. Minimum assessing standards

All municipalities, whether they choose to remain as single municipal assessing units or choose to be designated as a primary assessing area, either as a primary single unit or a member of a primary district, shall achieve the following minimum assessing standards:

- 1. Minimum assessment ratios:** ...a 70% minimum assessment ratio by 1979 and thereafter.

Ratio of sale price to assessed value = assessed value divided by sale price.

- 2. Maximum rating of assessments:** ...a maximum rating of assessment quality of 20 by 1979 and thereafter.

Rating of assessment = the average percentage of deviation from the median ratio.

MRS 36 § 848-A. Assessment ratio evidence

In any proceedings relating to a protested assessment, it shall be a sufficient defense of such assessment that it is accurate within reasonable limits of practicality, except when a proven deviation of 10% or more from the relevant assessment ratio of the municipality or primary assessing area exists.

According to Maine State Law, property assessments must be maintained at the same equalized ratio in order for all property owners to be paying their fair share of taxes.

Q. Why do Assessed Values Change From Year to Year?

A. When market value changes, naturally so does assessed value. In order to keep property values at fair market value it may be necessary to adjust assessed values.

Improvements to your property will also increase your assessment. For example, if you were to add a garage, shed, pool, or do some renovations to your home, the assessed value would increase.

However, if your property were to become in poor repair, the assessed value may decrease.

The Assessor does not create value - PEOPLE MAKE VALUE by their transactions in the marketplace. The Assessor simply has the legal responsibility to study those transactions and appraise your property accordingly. An update of assessments town wide is conducted on an annual basis in an effort to maintain equity in assessments.

Q. How is the Property Tax Rate Determined?

A. The Assessor has nothing to do with the total amount of taxes collected. The Assessor's primary responsibility is to find the fair market value of your property, so that you may *pay only your fair share of the taxes.*

The amount of tax you pay is determined by a TAX RATE, which is applied to your property's ASSESSED VALUE. In calculating a property tax rate, the legislative body of the municipality (town meeting or council) determines the amount of revenue to be raised by the property tax to fund municipal services. The Assessor then divides that amount by the total local assessed valuation to get the local tax rate. The Assessor calculates how much must be raised in property taxes based on what the legislative body has approved. A tax commitment listing all the property in town, its value and the taxes that are owed is then signed by the Assessor and given to the Tax Collector who sends out the tax bills.

Q. What Can I do if I Think My Assessment is too High?

A. Make sure the Assessor is aware of errors on your property record such as:

1. Incorrect information on your property record; ex: you have one bathroom, not two, you have a carport, not a garage, or your home has 1,600, not 2,000 square feet.
2. There is an easement across your property or your lot has unusual topographic features that have an adverse affect on its' value.

If after making the necessary corrections you still feel your assessment is too high you can file an application for abatement with the Assessor's Office. The Assessor will review your request and either grant an abatement or deny the request. You can then appeal the Assessor's decision to the Board of Assessment Review. The Board will schedule a hearing and make a decision as to the requested abatement. Should the Board of Assessment Review deny your appeal, you can then appeal to Superior Court.

Q. What are the Grounds for an Appeal?

A. An assessment appeal is not a complaint about higher taxes. It is an attempt to prove that your property's estimated market value is manifestly wrong.

You may appeal when you can prove at least one of three things:

1. The property is substantially overvalued
2. There is unjust discrimination
3. The assessment is illegal (wrong owner)

NOTE: You will not win an appeal because you think your taxes are too high. This is an issue you must take up with the officials who determine budgets. However, you may be eligible for tax relief or exemptions. The Assessor's Office can give you information about exemptions.

THE APPEALS PROCESS

Maine Revenue Services Property Tax Bulletin No. 10

Section 2. Abatement. Abatement is the process by which valuations that are found to be excessive, in error or illegal may be corrected.

Section 3. Method of Seeking Abatement. The statutes provide that a property owner who believes his local property valuation is excessive must seek relief through a written request to the local assessor, made within 185 days of the date the tax was committed to the Tax Collector (which is usually shortly before the tax bill is mailed) stating the abatement requested, and the reasons for requesting the abatement.

If the taxpayer is dissatisfied with the decision of the local assessor, he may appeal within 60 days to the Board of Assessment Review; further appeal may be made to the Superior Court within 30 days...

Section 843. Appeals

1. Municipalities. If a municipality has adopted a Board of Assessment Review and the Assessor(s) refuse to make the abatement asked for, the applicant may apply in writing to the Board of Assessment Review within 60 days after notice of the decision from which the appeal is being taken, and if the Board thinks the applicant is over assessed, the applicant is granted such reasonable abatement as the Board thinks proper. Except with regard to nonresidential property with an equalized municipal value of \$1,000,000 or greater, either party may appeal from the decision of the Board of Assessment review directly to the Superior Court within 30 days, in accordance with Rule 80B of the Maine Rules of Civil Procedure.

1-A. Nonresidential property exceeding \$1,000,000. With regard to nonresidential property with an equalized municipal valuation of \$1,000,000 or greater, either party may appeal the decision of the local Board of Assessment Review to the State Board of Property Tax Review within 60 days after notice of the decision from which the appeal is taken...

Section 849. Judgment and Execution

5. Current Use Appeals. Assessments made under the Tree Growth Tax Law or the Farm and Open Space Law are subject to the abatement procedures provided by Section 841 and 842. Appeals from the decision of the Assessor, in such cases is to the State Board of Property Tax Review.

Q. What Property Tax Relief is Available?

A. There are several forms of property tax relief available to Maine residents.

State of Maine Circuit Breaker: In 1987, the Legislature enacted a property tax relief program directed to individuals whose property taxes or rent exceed a certain amount of their income. This tax refund program is called the "circuit breaker" program. Renters, as well as homeowners can take advantage of the circuit breaker program — a person does not need to own his or her home to be eligible. Applications for the property tax and rent relief program are available at the Town Hall or from the Maine Revenue Services in Augusta from mid-August on. The filing deadline fluctuates from year to year.

Town of York Circuit Breaker: In 2004, the Town of York enacted a property tax relief program similar to the State's Circuit Breaker Program. Any York resident who qualifies under the State Program is eligible for the Town's program. Between September 1st and June 30th annually, York residents may apply to the Town Clerk for a benefit under this program as long as funds are available.

Homestead Exemption: The homestead exemption reduces the property tax bill of all Maine resident homeowners who apply for the exemption by April 1st and who have owned and lived in their house for the prior 12 months. The exempt amount is deducted from the property's total taxable value and is adjusted by the community's certified ratio of valuation to actual market sales. The homestead exemption amount is currently \$10,000.

Veteran's Exemption: Any Maine resident who was in active service in the armed forces of the United States during a federally recognized war campaign period and, if discharged or retired under honorable conditions, may be eligible for a \$6,000 reduction in valuation (adjusted by the community's ratio of valuation to actual market sales).

The veteran must have reached age 62 *or* must be receiving a pension or compensation from the United States Military for total disability, either service or non-service connected. Applications can be obtained in the Assessor's Office and must be filed with military discharge documentation on or before April 1st of the year it will go into effect.

This exemption also includes the unremarried widow or widower or minor child of any veteran who would be entitled to the exemption if living, or who is in receipt of a pension or compensation from the Federal Government based upon the service-connected death of that parent's child.

Blind Exemption: Any Maine resident who is certified to be legally blind by their eye care professional are eligible for a \$4,000 reduction in valuation (adjusted by the community's ratio of valuation to actual market sales).

Please call the Assessor's Office (363-1005) or the Town Clerk's Office (363-1003) to find out if you qualify or are already receiving and exemption. Applications can be obtained at the Town Hall or online at, www.yorkmaine.org/Departments/Assessing/tabid/189/Default.aspx.

All applications must be filed on or before April 1st of the year it will go into effect.

QUALIFICATIONS AND DUTIES OF THE TAX ASSESSOR

Assessors in the State of Maine are certified by, and are agents of, the State. Assessors are certified after passing an extensive examination administered by the State. This exam covers all aspects of the assessing function. In addition, the Assessor must annually complete 16 hours of State approved classroom training to remain certified.

Town of York Home Rule Charter Section 6A.1.:

There shall be a single Assessor appointed by the Board of Selectmen. He shall perform all duties and responsibilities provided for assessors under the laws of the State of Maine, Town ordinance, and this Charter. The Board of Selectmen shall determine the salary, hours, and working conditions of the Assessor. The Assessor may be removed for cause after notice and hearing. Cause shall not include any disagreement with respect to an assessing practice employed by the Assessor where such practice is generally accepted and lawful.

MRS 36 § 201 Supervision and administration

The State Tax Assessor shall have and exercise general supervision over the administration of the assessment and taxation laws of the State, and over local assessors and all other assessing officers in the performance of their duties, to the end that all property shall be assessed at the just value thereof in compliance with the laws of the State.

Duties of the Assessor include, but are not limited to:

- Valuation of all real and personal property
- Maintaining property ownership records – deeds, etc.
- Maintaining property record cards – description of property, sketch of building, deed information, record of ownership, sales info, etc.
- Updating and maintaining Tax Maps
- Administering exemptions
- Committing taxes to the Tax Collector
- Analyzing sales data
- Physical inspections of properties

MRS 36 § 708 Assessors to value real estate and personal property

...shall ascertain as nearly as may be the nature, amount and value as of the first day of each April of the real estate and personal property subject to be taxed, and shall estimate and record separately the land value, exclusive of buildings, of each parcel of real estate.

(Properties in Maine are assessed as of April 1st. This does not mean that the assessment must be made on that day, or completed by that day, but that the question as to whether a person or property is taxable must be determined by its status, *as of* that date, and that the valuation of their property must be the value *as of* that date.)

MRS 36 § 709 Assessment and commitment

The Assessor(s) shall assess upon the estates in their municipality all municipal taxes and their due proportion of any state or county tax payable during the municipal year for which municipal taxes are being raised, make perfect lists thereof and commit the same, when completed and signed by a majority of them, to the tax collector of their municipality...

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