

State Valuation

“The State Tax Assessor shall equalize and adjust the assessment list of each municipality by adding to or deducting from it such amount as will make it equal to its just value as of April 1st.”
36 M.R.S. § 208.

Key Terms:

Assessment Ratio. “Assessment ratio” means the level of municipal assessed value, expressed as a percentage, relative to just value.

Just Value. “Just value” means market value.

Mill Rate. “Mill rate” is the amount of tax on \$1,000 of property value.

Municipal Assessed Value. “Municipal assessed value” means the property value established by the Assessor for purposes of local property taxation.

State Valuation. The total equalized just value of all taxable property in a municipality as of April 1 (with certain adjustments).

Calculating the Property Tax:

$$\frac{\text{Approved Municipal Budget}}{\text{Total Municipal Assessed Value}} \times 1,000 = \text{Mill Rate}$$

	Total Municipal Assessed Value	Assessment Ratio	Total Equalized Just Value
Municipality A	\$ 2,174,700,000	100%	\$ 2,174,700,000
Municipality B	\$ 1,848,495,000	85%	\$ 2,174,700,000
Municipality C	\$ 1,522,290,000	70%	\$ 2,174,700,000

	Total Municipal Assessed Value	Mill Rate	Total Assessed Tax
Municipality A	\$ 2,174,700,000	9.20	\$ 20,000,000
Municipality B	\$ 1,848,495,000	10.82	\$ 20,000,000
Municipality C	\$ 1,522,290,000	13.14	\$ 20,000,000

The State Valuation Process:

- Property Tax Division of Maine Revenue Services gathers data and conducts in-person visits to 480+ municipalities in the State.
- Works with local assessors to review sales data and other documentation for the property tax year under review.
- Clean up data to remove sales that do not reflect market value (foreclosures, sales between related entities, etc.).
- Compare sale prices to municipal assessed values to determine assessment ratio (ratio studies).

	Municipal Assessed Value	Sale Price	
Property A	\$ 400,000	\$ 465,000	
Property B	\$ 300,000	\$ 340,000	
Property C	\$ 500,000	\$ 555,000	
Total	\$ 1,200,000	\$ 1,360,000	88%

- Apply assessment ratio against total municipal assessed value to arrive at state valuation, i.e., the total equalized just value of all taxable property in that municipality.
- Ratio studies:
 - Minimum number of qualifying sales required (generally 12).
 - Eliminate top and bottom 15% of the study.
 - If sufficient sales or if significant difference between property classes, will conduct a segregated study, e.g., waterfront.

The State Valuation Timeline:



- Notes on timing:
 - Trailing analysis—January 2024 state valuation numbers reflect April 1, 2022, municipal assessed values.
 - January 2024 state valuation numbers reflect sales occurring between July 2021 and June 2022 (generally 12-month period).
 - If insufficient sales, may reflect 18-month period (April 2021 through September 2022) or 24-month period (January 2021 through December 2022).

Important Considerations:

- State valuation is the total equalized just value of all taxable property in that municipality.
- Also includes:
 - Portion of Homestead Exemption and Business Equipment Tax Exemption (BETE) that are reimbursed by the State.
 - Value of current use property, but at the current use value (not market value):
 - Tree Growth
 - Open Space
 - Farmland
- Does not include:
 - Exempt property
 - Taxable property sheltered in a Tax Increment Financing (TIF) district.
- Certified numbers are used by multiple agencies of government:
 - Education funding
 - Distribution of municipal revenue sharing
 - Allocation of county taxes between municipalities
- Sudden and severe adjustment
 - Municipality experiences 2+% drop in state valuation.
 - Drop is due to closure/destruction of single taxpayer.
 - Municipal equalized tax rate post-drop is higher than state average.