



MAINE REVENUE SERVICES PROPERTY TAX DIVISION PROPERTY TAX BULLETIN NO. 1

MAINE STATE VALUATIONS

REFERENCE: 36 M.R.S. §§ 208, 272, 305(1), 381, 683, and 692. 30-A M.R.S. § 5702.
September 5, 2019; replaces June 16, 2015 revision

1. Overview

Maine law requires the State Tax Assessor to annually determine the equalized just value of all real and personal property in the state. These equalized values, known as state valuations, are compiled in a report which is certified with the Secretary of State by February 1 each year. The state valuations are used to calculate county taxes, to determine the amount of state funds to be granted to each municipality for education funding and revenue sharing, to establish municipal and school bond debt limits, and to determine municipal contributions to public school systems.

2. Definitions

- A. Arm's length sale. "Arm's length sale" means a sale between a willing buyer and a willing seller that are unrelated and are not acting under duress, abnormal pressure, or undue influence.
- B. Assessor. "Assessor" means a sworn municipal assessing authority, whether an individual assessor, a board of assessors, or a chief assessor of a primary assessing area. However, "Assessor" means the State Tax Assessor with respect to the unorganized territory.
- C. Just value. "Just value" of property means its fair market value.
- D. Municipal assessed value. "Municipal assessed value" means the total value of property in a municipality as recorded by that municipality. Municipal assessed value may be equal to, higher than, or lower than just value.
- E. State valuation. The "state valuation" for a given tax year means the total equalized value of all taxable property in a municipality as of April 1, plus the portion of exempt value of homestead exemptions and Business Equipment Tax Exemption property reimbursed by the State to the municipality, less the captured property value in tax increment financing districts in the municipality.

3. State Valuations

The State Tax Assessor determines state valuations annually, by analyzing municipal assessed values and adjusting those values, if necessary, to make them equal to just value. This is accomplished by completing sales ratio studies for each municipality, which measures the assessed value of recently sold properties relative to their selling price. In some instances, individual ratios will be determined for different classes of property within a municipality (e.g., waterfront, commercial, residential, etc.).

The ratios computed from the studies are applied to all similar classes of property within that municipality to determine a reliable estimation of the fair market value of all taxable properties in the municipality.

Data used in these studies are drawn from recent arm's length sales of property in the municipality, as reported by the municipality and on real estate transfer tax filings. Sales within a 12-month period surrounding the appropriate April 1 assessment date are reviewed. If there were insufficient arm's length sales during that sales period to conduct a reasonable analysis, the State Tax Assessor may expand the sales period reviewed to 18 months, 24 months, or beyond.

In addition to sales ratio studies, the State Tax Assessor may use additional information from other sources in determining state valuations, including, but not limited to, municipal valuation returns, meetings with assessors, and appraisals of individual properties. This additional information may be reviewed with the municipal assessor and compared with municipal assessed values to determine the ratio to just value on which the municipal assessments are based.

The State Tax Assessor produces a preliminary determination of state valuation, known as the Report of Assessment Review, which provides details of the data and the computations used in the determination of the state valuation. Municipal assessors should review these reports to ensure accuracy of the information and to identify any issues before the proposed state valuation is sent.

The proposed state valuation report is sent by October 1 each year to the chair of the board of assessors and, in municipalities having selectmen, to the chair of the board of selectmen. This report contains a list of the state valuations for each municipality in the county in which the municipality is located.

The state valuation report is then filed with the Secretary of State and published annually. This report includes state valuations for each of the organized municipalities in the state as well as the unorganized territory, which is grouped by county. Property in the Passamaquoddy Tribe and Penobscot Nation Indian Territories is also included in the state valuation report.

4. Appeal Procedure

If a majority of the municipal officers disagree with the determinations in the proposed state valuation report, the municipality may appeal the State Tax Assessor's determination to the State Board of Property Tax Review (the "Board"). A municipality must file an appeal with the Board by November 15. An appeal must be in writing, must be signed by a majority of the municipal officers, and must include an affidavit stating the grounds for appeal. A copy of the appeal and affidavit must also be sent to the State Tax Assessor.

The Board is independent from the State Tax Assessor and consists of 15 members appointed by the governor. Appeals are heard and decided by a subset of five members of the Board.

The Board has the power to administer oaths, take testimony, hold hearings, summon such witnesses and subpoena such records, files, and documents it deems necessary. The Board's current rules and procedures may be found at www.maine.gov/dafs/boardproptax/.

The Board must hear an appeal within a reasonable amount of time and must render its decision no later than January 15 following the date of the appeal. Prior to a hearing, the Board will give at least five days' notice to the municipality and the State Tax Assessor. If it rules in favor of a municipality, the Board may adjust the state valuation for that municipality. The State Tax Assessor must

incorporate any adjustment into the state valuation report certified to the Secretary of State pursuant to 36 M.R.S. § 305(1).

Decisions of the Board may be appealed pursuant to the Maine Administrative Procedures Act, Title 5, chapter 375. If an appeal to the Superior Court or Supreme Judicial Court results in a lowering of the municipality's state valuation, the State will reimburse an amount equal to the money lost by the municipality due to the use by the State of an incorrect value used to distribute state funds to municipalities.

NOTE: This bulletin is intended solely as advice to assist persons in determining, exercising or complying with their legal rights, duties or privileges. If further information is needed, contact the Property Tax Division of Maine Revenue Services.

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