



ASSESSING DEPARTMENT



UNDERSTANDING THE PROCESS

- ✓ **The Assessor's Duties**
- ✓ **Tax Rate Calculation**
- ✓ **Assessment Ratio**
- ✓ **Coefficient of Dispersion - COD**
- ✓ **Why do we need a revaluation?**
- ✓ **What's next?**





MAINE CONSTITUTION



The Maine Constitution requires 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.” Me. Const. art. IX, Sec. 8.

Just Value = Market Value



THE ASSESSOR'S DUTIES

The Assessor is responsible for determining the market value of all real and personal property in accordance to the State of Maine's property tax laws.

The Assessor is the Municipality's real estate appraiser.



TAX RATE CALCULATION

Portion of Budget funded by the PROPERTY TAX

Approved by COUNCIL

÷

=

Tax Rate

Town's Taxable Value

Determined by ASSESSOR

2007 TAX RATE *for* FISCAL YEAR 2007-08

\$25,354,138 Budget from Property Tax

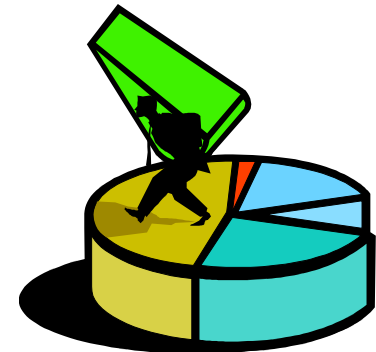
\$1,736,584,800 Taxable Value

= \$.01460 Tax Rate

Your assessed value determines how much of the town's budget** you pay.

Property Assessment *x* *Tax Rate* = *Tax Bill*

350,000 x \$.01460 = \$5,110



***Approximately 70% of the budget is funded by property taxes.**



ASSESSMENT RATIO

Percentage difference between the assessment and selling price.

Assessment
Selling Price = Ratio

\$207,500
\$250,000 = 83%

\$426,000
\$600,000 = 71%

Average Assessment Ratio = 77%



COEFFICIENT OF DISPERSION

A/k/a Quality Rating

This is a mathematical method of measuring how far apart the range of ratios is “dispersed”.

The average deviation is divided by the average ratio.

Example: If the average ratio is 86% and the average deviation from the average ratio is 12%, then the COD is 14.

REVALUATION HISTORY

YEAR	TAXABLE VALUE	INCREASE		PROPERTY TAX	TAX RATE	PARCELS
1996	\$707,686,100					
1997 Residential Revaluation	\$806,327,326	\$98,641,226	13.9%	\$13,909,158	\$17.25	4,509
1999	\$869,659,226			\$16,036,516	\$18.44	4,616
2000 Residential Revaluation	\$1,008,543,200	\$138,883,974	16%	\$18,758,904	\$18.60	4,689
2001 Commercial Revaluation	\$1,080,644,800	\$72,101,600	7%	\$21,115,795	\$19.54	4,809
2002	\$1,116,718,300			\$22,836,889	\$20.45	4,842
2003 Residential Revaluation	\$1,545,924,100	\$429,205,800	47%	\$25,425,600	\$15.80	4,832
2004 Commercial Revaluation	\$1,632,871,200	\$86,947,100	5.6%	\$25,405,119	\$15.46	4,882
2007	\$1,736,584,794			\$25,354,138	\$14.60	5,185



VALUATION UPDATE - *REVALUATION*

What is a revaluation and why are we having one?

- **A revaluation or market update is the process of estimating new values for all properties to reflect current market conditions.**

- ✓ **The last revaluation of 2003 (2004 for commercial properties) analyzed property sales from January 2001 through December 2002.**

- ✓ **The 2007 assessments calculated from the 2003 model produced assessments at 77% of current market value.**

- ✓ **State property tax law requires a revaluation every 10 years and an assessment-to-sale price ratio > 70% but < than 110%.**

- The 2008 Valuation Model is created from qualified sales that occurred between January 2006 and October 2007.***



VALUATION UPDATE - *REVALUATION*

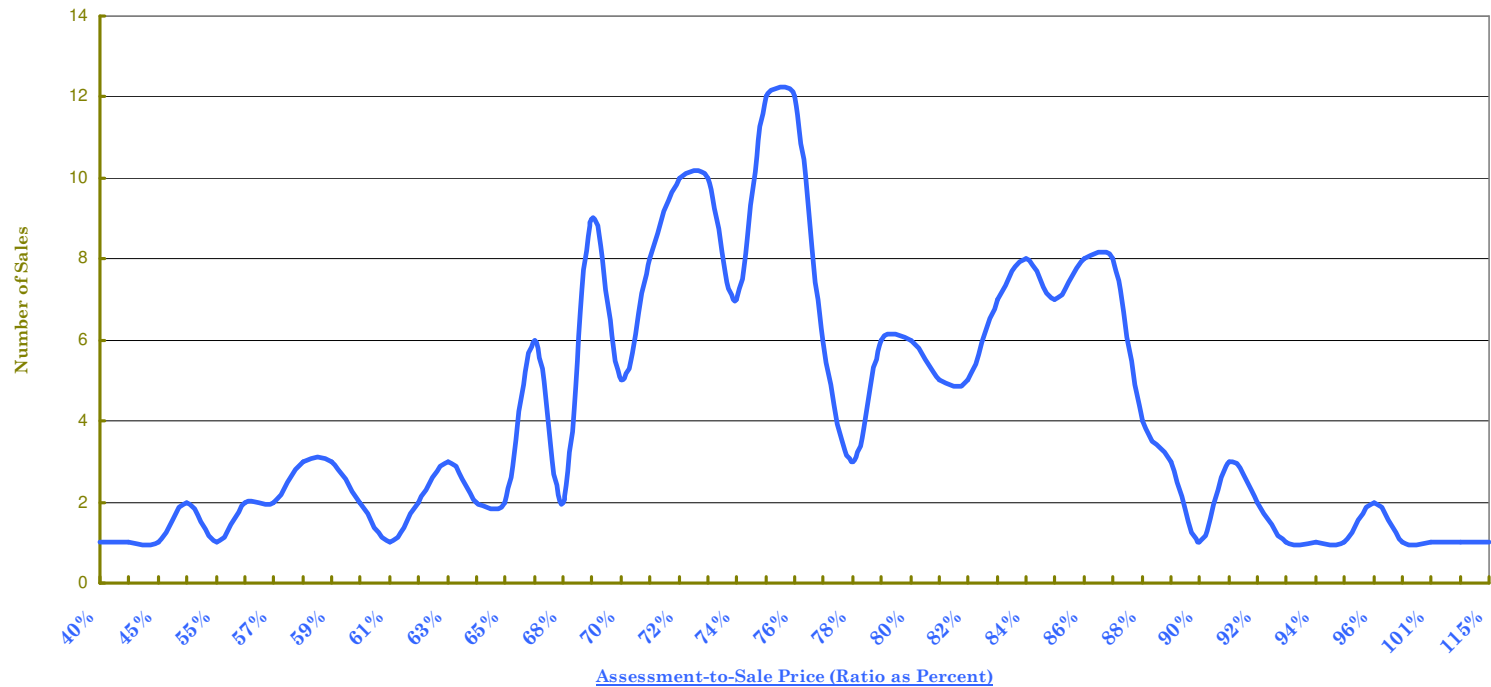
What is a revaluation and why are we having one (cont)?

- **To establish equity. Equitable assessments mean taxpayers are paying their fair share of the property tax burden.**

- ✓ **Over assessed properties are paying *more* than their fair share and under assessed properties are paying *less* than their fair share.**

- ✓ **State property tax law requires a coefficient of dispersion less than 20.**

2006-2007 Ratio Study



of Sales: 217

Sale Price Range: \$119,000 to \$2.3M

Average Sale Price: \$469,700

Average Ratio: 77%

Ratio Range: 40% to 115%

COD Quality Rating: 9



Ratio @ 77% & COD @ 9, So Why Revaluation?

EQUITY!

- The **Average Ratio** was developed from a sample of residential sales representing approximately 5% of the residential property population.
 - The **Average Ratio** represents a ratio range of 40% to 115%; therefore,
 - ✓ 11% of the sale properties were under assessed more than the 10% allowed by law.
 - ✓ 14% of the sale properties were over assessed more than the 10% allowed by law.
- ❖ *For appeal purposes, an assessment is considered reasonable if its within 10% of the certified ratio.*

From SAMPLE to POPULATION

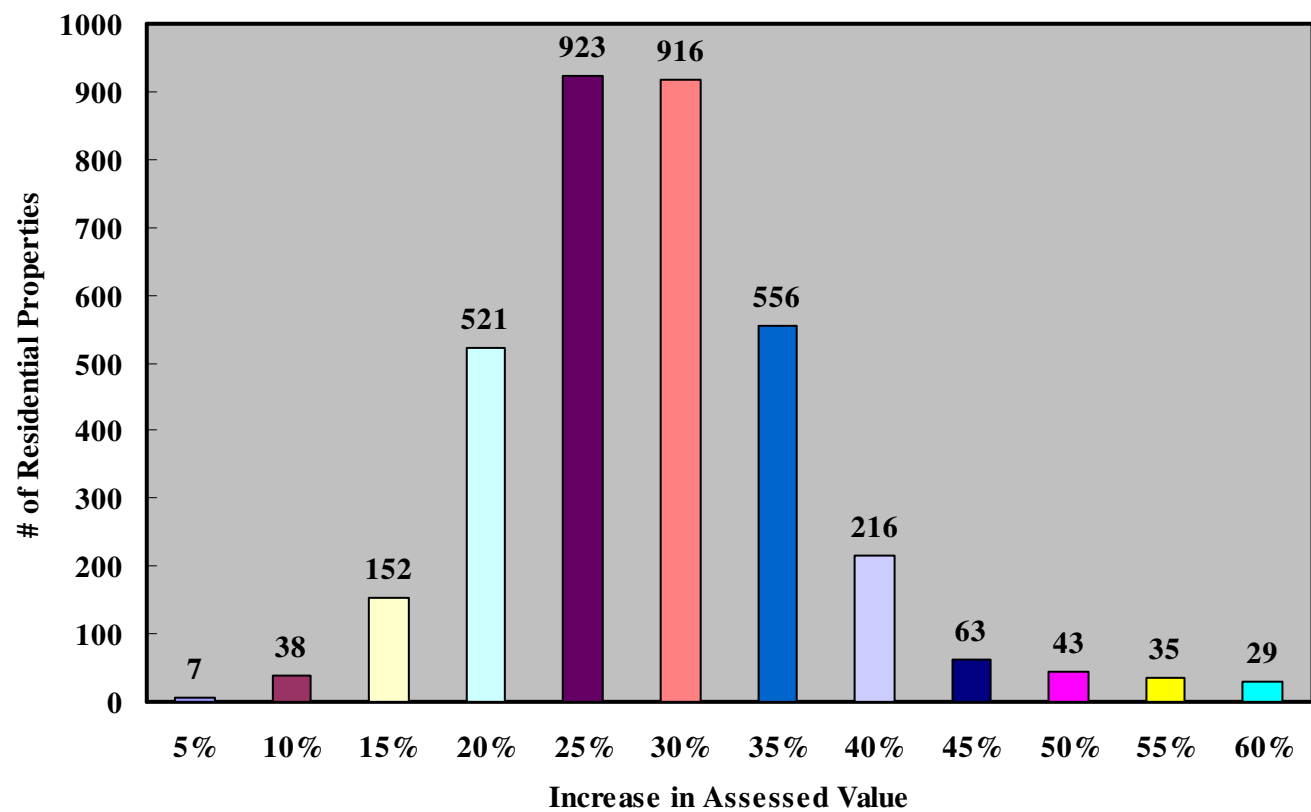
- 11%** of the total number of residential homes = 385 are *under assessed more than the 10% allowed by law.*
- 14%** of the total number of residential homes = 490 are *over assessed more than the 10% allowed by law.*



MARKET CHANGES SINCE LAST REVALUATION

Sale Date Range	Average Ratio	Average Sale Price
7/02 to 6/03	96%	\$382,300
7/03 to 6/04	87%	\$425,000
7/04 to 6/05	79%	\$452,600
7/05 to 6/06	73%	\$445,200
7/06 to 6/07	77%	\$469,700
7/07 to 3/08	76%	\$479,100
•2007-08 PRE REVALUATION RATIOS *		
Residential @ 76% Condominiums @ 87%		
Commercial @ 80% Vacant Land @ 71%		

2008 RESIDENTIAL PROPERTY INCREASES





WHAT'S NEXT?

- ✓ Notices will be mailed at the end of July.
- ✓ Hearings will be scheduled through August.
- ✓ Assessments to be finalized in September.
- ✓ Tax bills mailed the end of September.
- ✓ First half payment due November 7, 2008.
- ✓ Second half payment due May 1, 2009.
- ✓ Appeal deadline March 2009.