2024 Revaluation

TOWN COUNCIL WORKSHOP SEPTEMBER 20, 2023



2024 Revaluation September 20th, 2023

1 > WHAT

- o Purpose & Content
- Revaluation Basics

3 > Wно / How

- o Changes vs. Last Reval
- Key Priorities in 2024

2 > WHY

- \circ $\,$ Need for Revaluation
- Why Now?

4 ≻ WHEN

- Project Schedule
- o What's Next?

2024 Revaluation "What"

PURPOSE OF THIS PRESENTATION

- "Kick-off"
- Educate & Clarify
- Provide Advance Notice

Website: "2024 Revaluation"

2024 Revaluation "What"

REVALUATION BASICS

- Assessed Value vs. Sales Price
- Fair Distribution of Tax Burden
- Revenue Neutral



WHY DO VALUATIONS NEED TO BE EQUALIZED?

It's the Law

 "All taxes upon real and personal estate, assessed by the authority of this State, shall be apportioned and assessed equally according to the just value thereof." – Maine Constitution, Article 9 Section 8

To maintain assessments in accordance with just value

o The Courts have long interpreted just value to mean market value

Assessment Requirements

Maine State Law requires that assessments be maintained between 70%-110% of market value

HISTORICAL STATE VALUATION

Report Year	Assessment Date	Sale Period	Overall Ratio	Quality Rating	Sale Count
2024	April 1, 2022	7/2021-6/2022	72%	10	418
2023	April 1, 2021	7/2020-6/2021	85%	8	423
2022	April 1, 2020	7/2019-6/2020	93%	9	427
2021 (Reval Results)	April 1, 2019	7/2018-6/2019	96%	6	390

- Ratio: calculated by dividing a property's assessed value by it's selling price. Maine Law requires the overall ratio to be between <u>70-110%</u>.
- Quality Rating: the measure of how accurate a municipality's assessments are.
 Maine Law requires a quality rating maintained at no higher than <u>20.</u>

THE EXEMPTION EFFECT

Assessment Date	Overall Ratio	Certified Ratio	Homestead	
April 1, 2022	72%	79%	\$19,750	Takes Effect 4/1/2024, if No Reval*
April 1, 2021	85%	94%	\$23,500	Took Effect 4/1/2023*
April 1, 2020	93%	100%	\$25,000	
April 1, 2019	96%	100%	\$25,000	

Certified Ratio: Maine Revenue Services will accept an Assessor's certified ratio if it is within 10% of the overall ratio.

* Resulting Ratio Effects of State Audits lag 2 years



WHAT HAPPENS AS ASSESSED VALUES

FALL BEHIND MARKET VALUES?

- Exemptions continue to be worth less
- BETE reimbursement value drops
- Personal Property value drops
 - o 2023: Reduced by over <u>\$7 million</u> (due to 94% Ratio)
 - o If No Reval, 2024: Estimated reduction of <u>\$25 million</u> (due to 79% ratio)
- CMP value drops
 - 2023: Reduced by over <u>\$3 million</u> (due to 94% Ratio)
 - o If No Reval, 2024: Estimated Reduction of **<u>\$10 million</u>** (due to 79% Ratio)
- Tax Rate continues to increase
- Possible Inequalities between properties continue to grow

SALES RATIO ANALYSIS DATA

RESIDENTIAL PROPERTY (2019 – 2023)



COMMERCIAL / INDUSTRIAL (2018 – 2023)



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POST-REVAL RATIO OBJECTIVE



CALCULATION OF TAX RATE

- Budget: Appropriations Revenue = Levy
- Tax Rate: Levy / Total Taxable Value
- Revenue Neutral: If the Levy is CONSTANT, and the taxable value INCREASES, the tax rate DECREASES

TAX RATE EXAMPLE

Old Values

Levy = \$1,000,000 Town Value = 100,000,000

\$1,000,000 / \$100,000,000 = \$0.01 or \$10 per each \$1,000 in value Levy = \$1,000,000 Town Value = 200,000,000

New Values

\$1,000,000 / \$200,000,000 = \$0.005 or \$5 per each \$1,000 in value

* If every property were to increase equally, there would be no effect on taxes due to Revaluation

How the revaluation could affect your property taxes:



This example assumes there are no changes in the town, school, and county budgets



PLEASE NOTE: ACTUAL PERCENTAGES WILL NOT BE KNOWN UNTIL SPRING/SUMMER OF 2024



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EQUALIZATION IS ESSENTIAL

The property tax burden is distributed accordingly to property values. Without equalization efforts, some property owners would pay more than their fair share while others would pay less.





Last Town-wide Revaluation

(KRT Appraisal: 2018/2019)

<u>2024</u>

- 5 Year Cycle
- Performed by Town Staff
- No Door-to-Door
- All Property Classes
- **1** Time for Review
- **Public Outreach**

"Who" / "How"

THE PROCESS

General Steps

- Data Review: On-Going
- ➤ Valuation: Most probable selling price
 - $\circ~$ Sales Comparison Approach
 - \circ Cost Approach
 - $\circ~$ Income Approach
- Review of Preliminary new values
- Taxpayer Notices & Hearings
- > Tax Commitment (new values)



2024 Revaluation "When"

PROJECT SCHEDULE

Month/Year	Activity				
Nov 2023 – Apr 2024	Assessor to analyze all sales, commercial income and expense data, and update database cost tables.				
May 2024 – June 2024	Preliminary new valuation notices mailed to property owners.				
June 2024 – Aug 2024	Owners may appeal the appraised valuation of their property through informal hearings.				
Aug 2024	FY2025 Tax Rate set based on final town- wide taxable valuation and Town Council- approved FY2025 budget.				
Sept 2024	Tax bills mailed reflecting new assessment and new tax rate.				
Feb 2025	Formal appeals deadline.				

2024 Revaluation Public Communication

MEDIA / OUTREACH

- Town Newsletter
- The Leader
- Bill-Insert Notice
- Events & Workshops

Website: "2024 Revaluation"

2024 Revaluation **Public Communication**

www.scarboroughmaine.org/Revaluation



Town-Wide Property Revaluation		Project Timeline
te Assessor's affice is conducting a town-wide property nativation in foring 2028. A resolution is the ansatos of	Month/Yea	Activity
pdating all property values in taxes to reflect the current real state market as required by Maire law S.A., to maintain essonable estimates of what each property could sell for on the	Nov 2023 - Apr 2034	Assessor to analyze all sales, commercial income and expense data, and update database cost tables.
open market). Existing data will be used to revolve all town properties, avoiding	May 2024 - June 2834	Preliminary new valuation notices mailed to property aware's.
could property implicitors except to confirm validity of data for a sample of properties.	June 2824 -	Owners may appeal the appraised valuation of their econemic therwark informal headran.
The last revolution was performed in 2008. Future revolutions are planned to accur every flor years, unless genial discumplaness necessible offenness. Market revolutions will be based on an	Aug 2024	F12925 Tax Ratio set based on final town- wide taxable valuation and Town Council- agerword F12925 bedget.
analysis of all available information, including sales data from the preceding two years, to maintain a fairly apportioned property tax	Sept 3324	Tax bits maled reflecting new assessment, and new tax rate.
burden and provide predictability for taxpayers.	Feb 2825	Formal appeals deadline.
If the Town, School, and County budgets change. Revaluation itself reductivities the existing tax base assoring to current property v market values of their property. Your anonaed value may go up nonaese, others will use documant, and some will see no changes	ue collected by th b a revenue ceut dues se that all p but the tax rate s their taxes over	ni process- it does not raise more taxes, rather it reporty summers pay their fair share based on the will must likely go slows. Some sames and see 1. Tayloidty, a sizable tax increase used happens if
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Revaluation FAQ
Please see the following list of frequently asked suestions received by the Assessing Department related to the revaluation process. To read more about a specific FAQ, click on an item below to expand.
Revaluation Basics
What is a Revaluation?
Why is a revaluation performed?
When will the Revaluation become effective?
Why is it necessary to perform a town-wide revaluation at this time?
Wity conduct in-house versus hiring an independent company?
What is this Statistical Update going to cost the Town?
Revaluation Procedures & Methods
What's the difference between a Full Revaluation and a Statistical Revaluation?
Why is the Assessor recommending a Statistical Revaluation over a Full Revaluation?
What if there are no reasonably comparable sales?
The inside of my home was not inspected, so how could you reassess it?
What is the valuation formula?
How will I know if my assessment is fair and equitable?





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2024 Revaluation

"What's Next?"

NEXT 3 MONTHS

- Data Review Procedures
- December Check-in
- Ongoing Outreach

Website: "2024 Revaluation"