

2024 Revaluation

TOWN COUNCIL WORKSHOP
SEPTEMBER 20, 2023



2024 Revaluation
September 20th, 2023

1 ➤ WHAT

- Purpose & Content
- Revaluation Basics

3 ➤ WHO / HOW

- Changes vs. Last Reval
- Key Priorities in 2024

2 ➤ WHY

- Need for Revaluation
- Why Now?

4 ➤ WHEN

- Project Schedule
- 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

2024 Revaluation
“Why” (Now)

➤ **Follow-Through**

- Talking about this since 2019
- 12/2020 Workshop
- Annual Commitment Presentations
- Budget Book Exhibits past 2 years

➤ **Assessed/Sales Ratio** ↓

- Certified Ratio
- Exemptions & Reimbursements
- State Requirements

2024 Revaluation
“Why” (Now)

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**
 - 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

2024 Revaluation
“Why” (Now)

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 70-110%.
- **Quality Rating:** the measure of how accurate a municipality’s assessments are. Maine Law requires a quality rating maintained at no higher than 20.

2024 Revaluation “Why” (Now)

THE EXEMPTION EFFECT

Assessment Date	Overall Ratio	Certified Ratio	Homestead
April 1, 2022	72%	79%	\$19,750
April 1, 2021	85%	94%	\$23,500
April 1, 2020	93%	100%	\$25,000
April 1, 2019	96%	100%	\$25,000

← Takes Effect 4/1/2024, if No Reval*

← Took Effect 4/1/2023*

- **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*

2024 Revaluation “Why” (Now)

WHAT HAPPENS AS ASSESSED VALUES FALL BEHIND MARKET VALUES?

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

2024 Revaluation
“Why” *(Now)*

**SALES RATIO
ANALYSIS DATA**

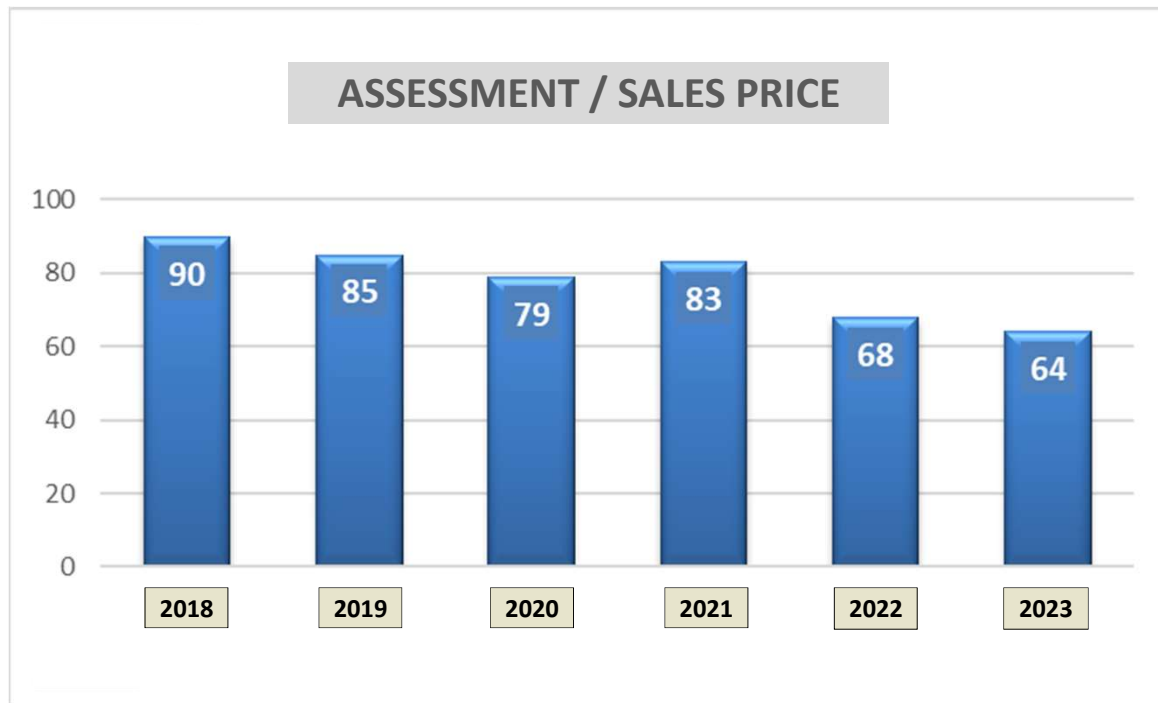
2024 Revaluation
"Why" (Now)

RESIDENTIAL PROPERTY (2019 – 2023)

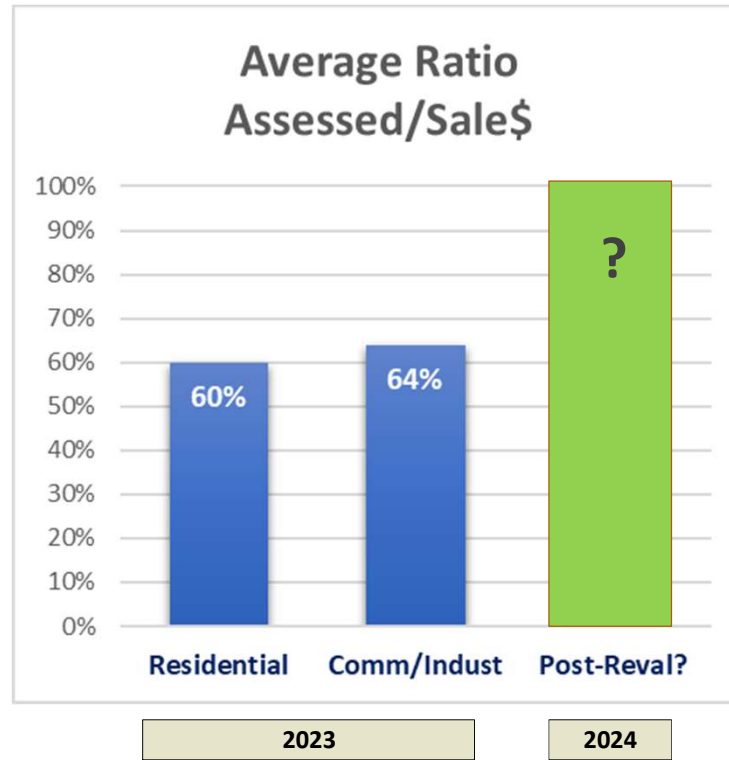


2024 Revaluation
“Why” (Now)

COMMERCIAL / INDUSTRIAL (2018 – 2023)

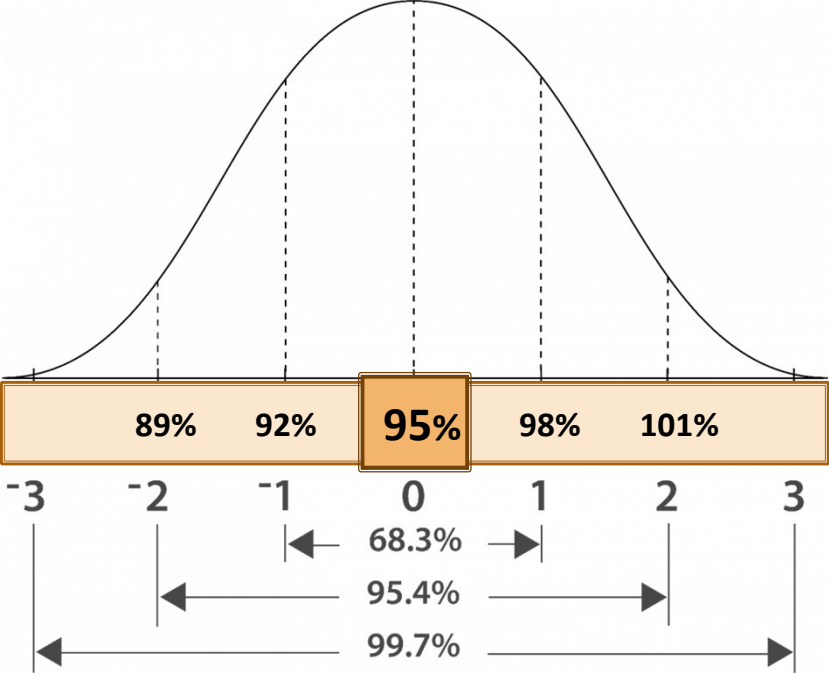


2024 Revaluation
“Why” (Now)



2024 Revaluation
Illustrative Examples

POST-REVAL RATIO OBJECTIVE



2024 Revaluation
Illustrative Examples

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**

2024 Revaluation
Illustrative Examples

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

New Values

Levy = \$1,000,000
Town Value = 200,000,000

$\$1,000,000 / \$200,000,000 =$
\$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

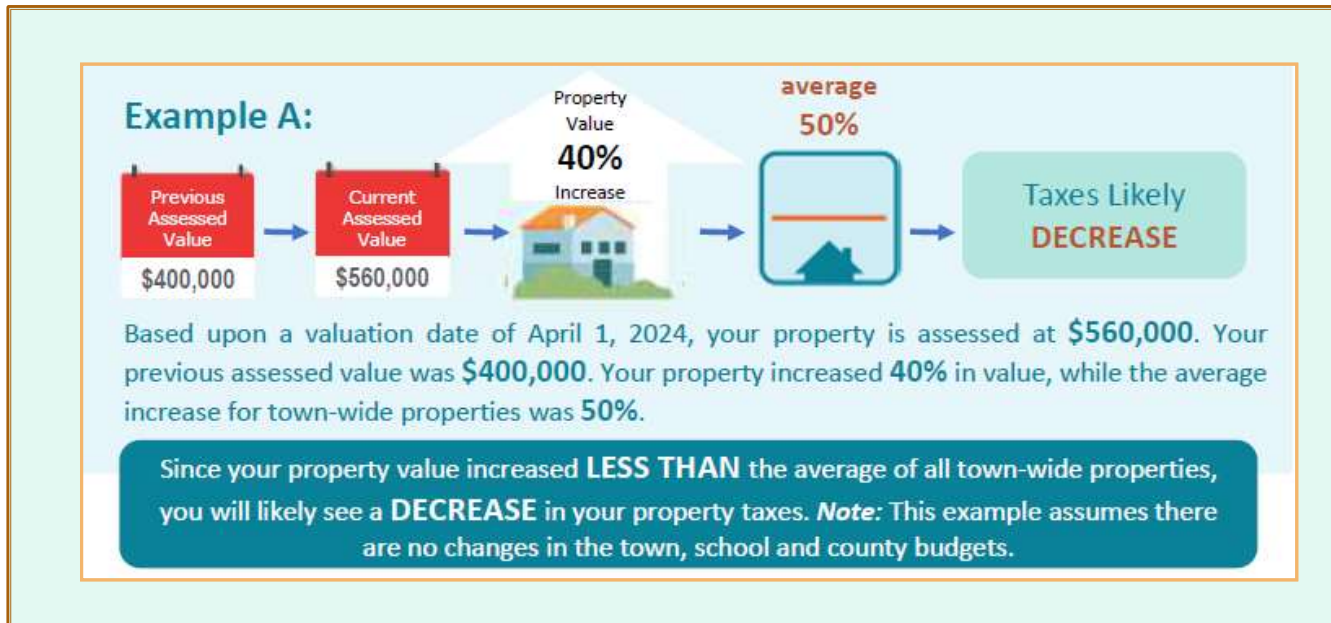
2024 Revaluation Illustrative Examples

How the revaluation could affect your property taxes:

	Your Property's Value Change	Property Tax Impact
1.	 LOWER than Average Change for all properties	Taxes Likely DECREASE
2.	 SIMILAR to the Average Change for all properties	Taxes Likely DO NOT CHANGE
3.	 HIGHER than Average Change for all properties	Taxes Likely INCREASE

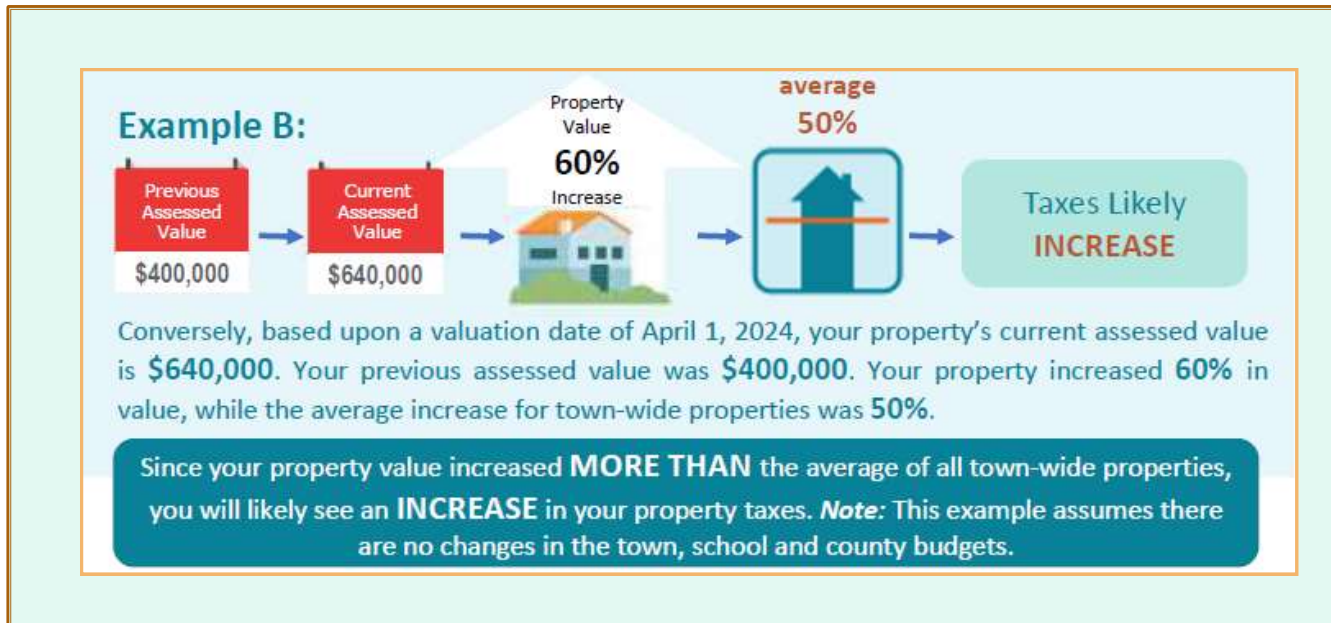
THIS EXAMPLE ASSUMES THERE ARE NO CHANGES IN THE TOWN, SCHOOL, AND COUNTY BUDGETS

2024 Revaluation Illustrative Examples



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

2024 Revaluation Illustrative Examples

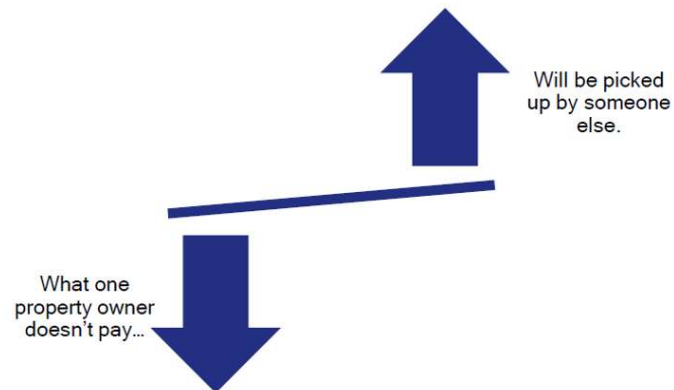


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2024 Revaluation Illustrative Examples

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.



2024 Revaluation
“Who” / “How”

➤ Last Town-wide Revaluation
(KRT Appraisal: 2018/2019)

2024

- 5 Year Cycle
- Performed by Town Staff
- No Door-to-Door
- All Property Classes

↑ **Time for Review**

↑ **Public Outreach**

2024 Revaluation
“Who” / “How”

THE PROCESS

General Steps

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

Factors to be Reviewed



Quality



Condition



Location



Contributory
Value

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”

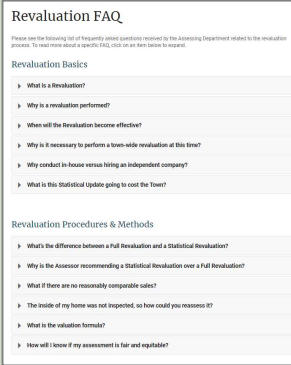
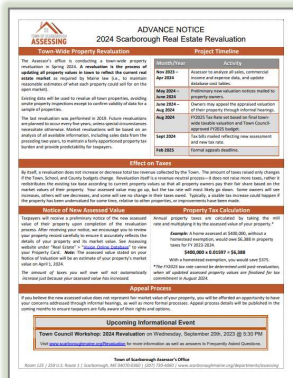
2024 Revaluation Public Communication

www.scarboroughmaine.org/Revaluation



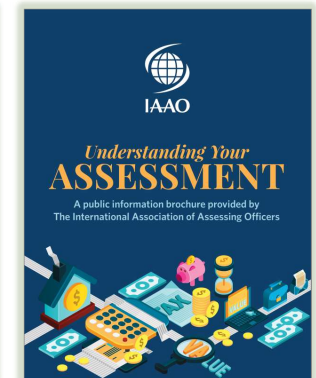
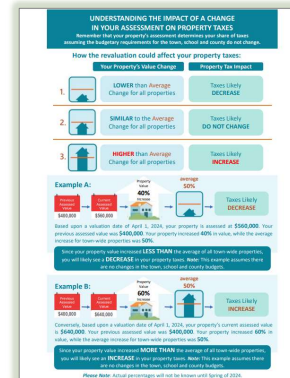
OVERVIEW & FAQs

EDUCATIONAL MATERIALS



SEARCH TOOLS & GUIDES

Property Address	Assessor	Map ID	Legal ID	Lot Area	Assessed Value	Market Value	Change	Change %	Assessed Value	Market Value	Change	Change %
1												
2												
3												
4												
5												
6												
7												
8												



2024 Revaluation

“What’s Next?”

NEXT 3 MONTHS

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

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