

## Revaluation & Factors that May Impact Your Tax Bill Next Year

By Nicholas Cloutier, Assessor

Scarborough, Maine, March 2024 – The Scarborough Assessing Department is currently performing the data analysis and review tasks necessary for the upcoming 2024 Revaluation of all properties in town to ensure a fair and thorough revaluation process.

We want taxpayers to be aware that a revaluation is occurring and why it is necessary this year. We believe it is essential to offer transparency to ensure residents are informed about the potential factors that may impact your property's assessed value and, consequently, your tax bills.

In two recent Town meetings, the Assessor presented information to the Town Council (Jan. 17th) and the Finance Committee (Feb. 8th) about the 2024 Revaluation process (presentation slides and video recordings of those meetings are available on the Assessing Department's website under 2024 Revaluation). Here are some key takeaways from those meetings, and factors that could have an impact on residents' 2024-2025 property tax bills. Some factors are directly related to the revaluation, and some are not; however, the combination of any of them will very likely lead to changes in your annual taxes:

- 1) **Annual Budget Changes:** Though this is not a function of the Assessor or a product of the revaluation, the amount of money needed to be raised through property taxes could have an effect on your tax bill. The Town Council will be diligently working on the 2024-2025 Budget process in April-May, so any possible change in approved expenditures or planned revenues has not yet been determined.
- 2) **Relative Increase in Assessed Value:** In its essence, a revaluation is conducted to ensure that all properties are valued accurately, and therefore that all taxpayers pay their fair share. It's possible that your property's assessed value may increase more than other people's, or vice versa. The most common reasons why a given property's assessment may increase more than the town-wide average would be: (A) If your property had any new construction or renovations in the last year; (B) If, in the course of data review, the Assessing Department discovered an error and made a necessary correction to accurately reflect the description, quality, or condition of your property; or (C) If sale prices of properties similar to yours have increased more than other types of properties or other parts of Town.
- 3) **Potential "shift" of the Tax Burden from Commercial to Residential properties:** Although it is still too early in the process for us to know the new assessed values, we have observed that home values have risen faster than commercial real estate in neighboring communities who have performed a revaluation in the last 1-2 years. To be clear, this potential "shift" of the tax burden from Commercial to Residential is still unknown, but is seemingly likely to occur to some extent based on preliminary information. This information will become clearer in May and will be relayed to residents as soon as it's available.

- 4) Elimination of State's Senior Property Tax Stabilization Program: Over 1,800 Scarborough households benefited from the State's former Property Tax Stabilization program, which provided some relief on the 2023-2024 tax bills for eligible Senior taxpayers. The tax savings experienced last year will now once again be the responsibility of the owner. So, even if there were not a revaluation occurring this year, these seniors would experience two years' worth of budget increases in one year. To help soften this unfortunate hardship resulting from the State's decision to end this program, the Town Manager intends to include funding in the FY25 budget request to increase the maximum benefit amount by \$250 for Scarborough's local, income-based, senior Property Tax Assistance Program which benefits over 400 eligible senior households each year. While we await this possible change to the program, 2024 applications will not yet be available for another 1-2 months, which is still well in advance of the October 2024 application deadline. If you have already applied for this program in the past, you will be mailed an application when they are finalized.

The Assessing Department greatly appreciates your patience and understanding as we work to complete the remaining tasks in the revaluation process. As soon as we have a clear picture of the actual new assessment information, we will communicate this promptly. We are committed to keeping you informed about the potential impacts on your tax bills and providing any assistance or clarification you may need. We understand the significance of property taxes and their impact on finances, so we are dedicated to offering support and timely communication. Stay tuned in the coming weeks and months for more information to help you prepare for the next phases of the Revaluation and the FY25 Budget process.