

## Revaluation & Early Tax Impact Estimates

*By Nick Cloutier, Scarborough Town Assessor*

The Scarborough Assessing Department remains on schedule and is preparing for the next phase of the upcoming 2024 Revaluation. The Assessor presented early estimates of Revaluation outcomes in a Town Council workshop on April 17. Workshop estimates were based on reasonable assumptions for various figures that aren't yet finalized, but are intended to provide taxpayers with advanced notice of likely tax impacts that can be expected. The timing was also intended to align with the FY2025 budget process in order to inform the work of the Town Council and School Board as they undergo budget reviews. The final stages of the Revaluation are not yet complete and the FY25 Budget process is still underway.

Here are four key takeaways from the recent workshop:

### 1) Estimated Assessed Value Changes:

Early estimates suggest that Residential property owners will, on average, experience a 53% increase in their assessed value to reflect current market value. For example, a home currently assessed at \$400,000 may increase to \$612,000 to more accurately reflect current market value of a probable sale price (for resulting tax impact, see #3). This will bring Scarborough's assessments back into compliance with State law.

### 2) Commercial vs. Residential Value Changes:

Preliminary estimates are indicating that, overall, residential property values have increased at a higher pace (53%) than commercial property values (43%). This is not an intentional decision, but a result of market dynamics that inform the revaluation to ensure equity and fairness in tax contribution based on current market value of all properties, per State law. If this holds true, residential owners may see a higher increase in taxes compared to commercial properties.

### 3) Estimated Tax Bill Changes:

Revaluation property tax outcomes won't be finalized until the budget is approved and the annual tax commitment is made. The FY25 Budget approval by Town Council occurs in mid-May and resident voter approval of the school budget is on June 11. The annual Tax Commitment is in late August. The combination of these will inform FY25 Tax Bills (Fall '24 and Spring '25); therefore, the determination of new values for taxation purposes is largely uncertain at this time.

Early estimates suggest that the majority of Residential property owners (excluding households that participated in the State's "Property Tax Stabilization" Program last year) will, on average, experience a 7% increase in their tax bill amount from last year. For reference, last year's tax rate increase in a non-revaluation year was 3.77%. It is important to note that many taxpayers will experience tax changes that are either higher or lower than the estimated average, based on the market value of their property, and their resulting new assessment.

#### **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 program has been eliminated, and the tax savings experienced last year will once again be the responsibility of the owner. Even if there were not a revaluation occurring this year, these households would experience two years' worth of budget increases in one year. So, the State's repeal of this tax relief program equates to roughly an additional 4% tax increase (beyond the aforementioned 7%), or an estimated 11% increase from last year's "stabilized" tax bill amount.

To help soften the unfortunate financial hardship resulting from the State's decision to end this program, the Town Manager and Town Council have included funding in the FY25 budget to increase the maximum benefit amount from \$750 to \$1,000 for Scarborough's local Property Tax Assistance Program, which benefits over 400 eligible senior households each year. Additionally, the household Federal Adjusted Gross Income (AGI) income limit was raised from \$50,000 to \$60,000 to benefit a wider range of seniors in our community. The age and 10-year residency requirement remain unchanged. Applications will be accepted by the Assessing department until October 15, 2024.

For more about these four factors and the associated tax impact estimates, visit the Town of Scarborough website ("2024 Revaluation" within the Assessing Department). We encourage residents to take part in the FY25 Budget discussion by attending public Town Council workshops in the coming weeks, to ensure that Town Council is informed to best represent residents' priorities before they have their final approval of the proposed Budget on May 15<sup>th</sup>.

The Assessing department greatly appreciates your patience and understanding as we work to complete the remaining tasks in the revaluation process. We understand the significance of property taxes and their impact on your finances, and are committed to keeping you informed and providing any assistance or clarification. Stay tuned in the coming weeks regarding the next phase of the process, when we mail notices of preliminary new assessments at the end of May along with information regarding available opportunities for informal hearings with the Assessing department from June through August before results are finalized.