

Understanding Brewer's Tax Revaluation Process And the Impact on Your Tax Bill

What is Assessed Value?

The Maine Constitution states that all taxes upon real estate and personal property shall be apportioned and assessed equally according to the just value thereof. In order to distribute the tax burden equally, the Assessor must establish assessed valuations at *just value*. *Just value is synonymous with market value* and is achieved by reviewing all values against a relevant sampling of recent market sales. The process is called a revaluation, and it ensures there is parity in all assessments based on market value.

While Brewer has adjusted its property values over time, the last time the City conducted a full revaluation was in the 1960s. In 2013, upon recommendation of the City Assessor, the Brewer City Council voted to have *Vision Governmental Solutions, Inc.* undertake a revaluation of all real and personal property within the City.

What is a Revaluation?

A full revaluation enables the City Assessor to re-establish property values reflecting the market value for all types of real estate, both residential and commercial. Additionally, all personal property owned by commercial property owners are counted, valued and appropriately depreciated. A revaluation is NOT a method to raise more funds for City spending. A revaluation is a process to place all property values on a comparable average market value with other properties of similar construction and locations; and is established by creating average pricing tables in various districts based upon the most recent sales. Brewer's revaluation is based on sales that have occurred for the two years from April 2012 to April 2014.

Why Did Brewer Need to do a Revaluation?

Most of the time, a revaluation is needed to bring assessed values in line with the real estate market. Brewer's average assessment, however, was at or near market value so the primary goal of the revaluation in Brewer is to equalize and update the property information, cost schedules, and computer system to bring them up to modern standards.

What Factors Might Cause My Assessed Value to Change?

Improvements to a property can increase its market value and, thus, result in a higher assessed value. Because it has been many years since an appraiser inspected some Brewer properties, it is possible that improvements made years ago are only now being recognized. Conversely, property values can decrease over time as a result of the economy, changes to a neighborhood, lack of upkeep, etc.

Can I Find Out the Value of My Neighbor's Property?

Yes. Assessed values are public information. A list of proposed values for all properties is available on the City website (<http://www.brewermaine.gov/assessing/revaluation-information/>). Property owners can also access Brewer's Online Property Value Database (<http://gis.vgsi.com/brewerme/>), which provides property details that form the basis of the proposed value. All of this information can also be viewed in person Monday through Friday 8am – 5pm in the Assessor's Office in the lower level of Brewer City Hall, 80 North Main St.

Who Is Performing the Brewer Revaluation?

Vision Governmental Solutions, Inc. is an experienced Massachusetts-based revaluation company that also sells and services successful Computer Aided Mass Appraisal (CAMA) software. They have been providing quality appraisal services to assessing departments located throughout the United States since 1975. During this time, their company has grown to be the largest New England based provider of revaluation services and software. The company has extensive recent experience in Maine. The City has contracted with *Vision* to perform the revaluation of all properties, to hold the taxpayer requested public hearings to defend the updated average values for these properties, and to provide the City with modern assessing software that will facilitate online access of property data and development of a GIS system.

What was the Revaluation Process in Brewer?

Vision appraisers have visited every property in Town and recorded data such as land acreage, topography, zoning, building components, age, dimensions, and quality of construction. They also classified, measured and photographed every property and sketched the building footprint and layout. Property owners have a right to deny entrance to the *Vision* data collectors. However, in the inspection process, the more information made available, usually the fairer will be the final assessment. It is important that the data collector review not just the quality of the construction, but also any deterioration or negative factors that may influence the market value. *Vision* has also compiled local sales data that are considered "arm's length" transactions and created pricing schedules for land and buildings. As a result, all properties will have an assessed value for tax purposes based on average current cost of construction and local market sales.

Building value tables are established using *Marshal & Swift* building cost models. *Marshal & Swift* is a national company that creates a standard benchmark publication for building costs. Costs usually reflect the types of bathrooms, heating systems, basements, flooring, exterior, roofing and general size of the homes. This information is then correlated into a *replacement cost schedule* for each type of home and those schedules are built into the assessing software. The final application for buildings is to establish a reasonable depreciation table that will then enable the assessment value to reflect a valid *replacement cost new, less depreciation* schedule that could then be applied to all types of real estate.

Land value includes the value of location as a primary focus. This includes such factors as waterfront, topography, zoning, utility access, etc. The latest recorded market sales transactions are reflected in the data. On site inspections and analysis are performed to ensure that commercial properties are appropriately adjusted to market value. The final result of the

appraisal analysis is the creation of tables of average formulas backed up by recent detail sales and other characteristics that reflect an average calculated land value. This result, combined with the building pricing schedules, creates the approximate average current market value for each listed property.

The City Assessor's responsibility in this process is to assure that the quality control of the collected data, the market analysis, the average pricing schedules (land and buildings), personal property inspections, etc. are reasonable, accurate and able to be defended as equitable.

Notice of New Valuation Assessment and Hearing Process

The City has mailed individual letters to all property owners of their preliminary land, building and commercial personal property valuations. These values are not final. Only after the hearings are closed and taxes are committed will values be finalized. Hearings will take place in person or via phone by appointment only through August 1, 2014. Contact Vision at 1-888-844-4300 by July 30 to schedule a hearing.

At a scheduled assessment hearing, the property owner can voice concerns, discuss inaccuracies and ask questions of a qualified *Vision* appraiser who will review the property record data and explain the background to the listed value. If the Vision hearing officer determines that a correction or adjustment to your value is warranted, the change will be completed within approximately one week and reflected on the tax bill that will be mailed in early August.

Please keep in mind that the informal hearing is an opportunity to address questions on the proposed property value; it is not a forum to discuss taxes. Establishment of property values is separate and distinct from the determination of the City's tax rate. It is also important to note that the market value of all properties is based on sales that took place between April 2012 and April 2014.

What Can I Do if I Still Disagree After the Assessment Hearing?

The revaluation personnel from *Vision* will defend the values provided to the City Assessor. Disputes of value that remain unresolved will follow a specific process. After the August tax commitment and the mailing of the bills, any property owner who believes the assessment on their property is in excess of its average fair market value can first notify the Assessor's Office using the normal abatement request process as entitled by Maine law. The taxpayer has 185 days from the date of the tax commitment to consider this option. If that effort is unsuccessful, they may then appeal the Assessor's decision to the City of Brewer's *Board of Assessment Review*. The five member Board will then review the case and make an independent determination as to the disposition of the appeal. Should the property owner still feel the assessment is incorrect, they may then appeal the Board's decision to the Superior Court in Penobscot County.

How Will This Revaluation Affect My Tax Bill?

The effect on your tax bill will depend on whether your property value increased or decreased and the tax rate, once established the week of August 4. This revaluation is not intended to raise additional tax dollars for City spending. While the FY15 tax rate will not be set until August after property values are finalized, preliminary data indicate that the tax rate is likely to remain very close to, if not the same as, last year's tax rate. Approximately 60% of residential properties decreased in assessed value and about 40% increased in value. If the tax rate were to remain the same as last year, then most residential property owners (60%) will see a decrease in their tax bill.

How Do the New Proposed Assessed Values Compare to the Old Values?

Overall, the total value of the City's tax base changed very little. The tables below provide some comparison by category between old 2014 and new 2015 values.

	<u>FY2014</u>	<u>Preliminary FY2015</u>	<u>\$\$ Chg</u>	<u>% Chg</u>
Real Estate	\$737,742,900	\$739,037,970	\$1,295,070	0.18%
Personal Property	<u>34,867,400</u>	<u>33,504,300</u>	<u>-1,363,100</u>	-3.91%
Total Taxable Value	\$772,610,300	\$772,542,270	-\$68,030	-0.01%

	<u>FY2014</u>	<u>Preliminary FY2015</u>	<u>\$\$ Chg</u>	<u>% Chg</u>
Residential	\$430,967,400	\$431,770,720	\$803,320	0.19%
Commercial/Industrial	<u>341,642,900</u>	<u>340,771,550</u>	<u>-871,350</u>	-0.26%
Total Taxable Value	\$772,610,300	\$772,542,270	-\$68,030	-0.01%

Are There Ways To Reduce My Property Taxes?

There are various programs available that were created by Maine State statutes. These are programs that reduce the gross assessed value for a property to a new net taxable assessed value. It has been recognized by the State legislators that the existing state laws for valuing property does not necessarily recognize a taxpayer's age, income level, marital status, non-residency, size of household, length of ownership, etc. However, over the years the legislature has made available certain exemptions and programs, including the following:

1. *Homestead Act*--available to those residential property owners who have certified as to their primary residence as of April 1st. This reduces your taxable valuation by \$10,000.
2. *Veteran's Exemption*--available to those veterans, disabled veterans and widows(ers) from various qualifying US Armed Services in qualifying wars who are residential property owners and have certified as to their primary residence as of April 1st. This can provide a reduction in taxable valuation up to \$6,000.
3. *Tree Growth*--available to those properties with at least 10 forested acres of land that is protected under tree growth and assessed at "current" use rather than "just" value.

4. *Farm Land*-- available to those properties used with commercial farming activities.
5. *Open Space*--available to those properties that have been preserved forever wild through conservation easement or other means.
6. *Blind Exemption*--\$4,000 available to those with a qualifying medical certification.
7. *Business Equipment Tax Reimbursement Program*-- available to those commercial businesses declaring and paying personal property taxes in Brewer. This program provides a direct reimbursement from the State to the taxpayer for up to 100% of local personal property taxes paid.
8. *Maine Circuit Breaker Program*---a state administered program that permits lower income earners who are eligible homeowners or renters certain refunds, depending on various qualifying factors.

Each one of these programs above provides a shifting of the overall tax burden to other taxpayers whenever it reduces the taxes for the individual taxpayer taking advantage of that particular program.

Visit Maine Revenue Services (<http://www.maine.gov/revenue/taxrelief/homepage.html>) for more information about these programs.

Summary

Dave Ledew, the head of the State of Maine Property Tax Division in Augusta, calls a revaluation a “restoration of equity”. This document provides basic information to the taxpayer as to this restoration of valuation equity. We hope this publication helps you understand the basis for your proposed assessment and the steps you can take if you are not satisfied with that assessment.

If you have further questions, please call the Assessing Department at 207-989-7560, or email the Assessor at sweed@brewermaine.gov.