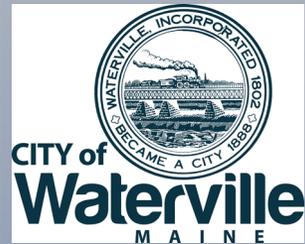


# Market-Based Adjustments 2023

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Assessing Department



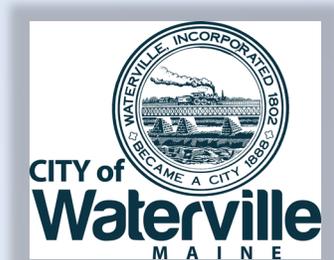
# Assessing Department

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City Assessor: Paul Castonguay, CMA

Deputy Assessor: Allison Brochu, CMA

*The City Assessor is charged by State law with discovering, describing, and valuing property, as well as the ownership of that property, for the purpose of taxation. To raise the funds for the budget approved by the City Council, the Assessor prepares a list of these properties annually and commits the assessments to the City Tax Collector for collection. The Assessing Office then reports to the State Department of Revenue Services regarding its activities for the year.*



# Why now?

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*The City of Waterville Assessing Department will assess all properties fairly, equitably, and in accordance with all mandated regulations and laws of the State of Maine in an open and accessible environment.*

Sale Date	5/20/2019	10/14/2022
Sale Price	\$110,000	\$195,875
Ratio (time of sale) Assessed Value	<b>1.01</b>	<b>0.63</b>
	\$110,600	\$124,100

Overall Single Family Ratios

2019	2022
1.00	.79



# City Valuation Totals

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## 2023 Property Value

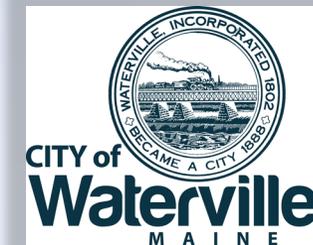
Real Estate	<b>\$1,700,404,700</b>
<i>Taxable</i>	\$1,161,985,100
<i>Exempt</i>	\$538,419,600
Personal Property	<b>\$103,294,700</b>
<i>Taxable</i>	\$66,218,100
<i>Exempt (BETE)</i>	\$37,076,600
<b>Total City of Waterville Valuation</b>	<b>\$1,803,699,400</b>

# Value Change

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- Residential property adjustments resulted in a net real estate valuation increase of over \$308,000,000.
- Other increases in overall value are attributed to the adjustments on commercial, industrial and exempt property, equaling over \$281,000,000.
- The overall increase is due to new construction, parcel changes, reassessments and more...

Year	Total Real Estate Value
2022	\$1,109,714,200
2023	\$1,700,404,700
<i>Increase:</i>	\$590,690,500



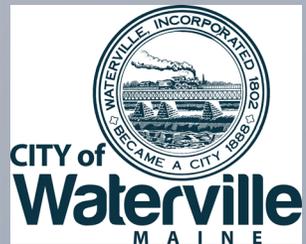
# Sales Ratio

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If the **Assessed Value** is \$200,000 and the **Sale Price** is \$200,000 then the **Ratio** = 1  
( $\$200,000 \div \$200,000 = 1$ )

If the **Assessed Value** is \$200,000 and the **Sale Price** is \$250,000 then the **Ratio** = 0.8  
( $\$200,000 \div \$250,000 = 0.80$ )

**Sales ratio** is the relationship between assessed value and the fair market value of a property. The lower the ratio, the higher the sale price is compared to the assessed value.

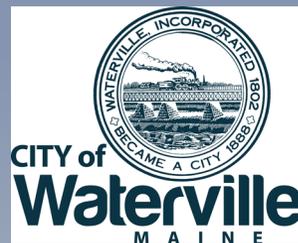


# Sales Ratio Study

## Note

- Sales that are “not arms length” are removed.
- Outliers are usually removed.
- Sales Ratio Studies are completed by the Assessing Department as well as the Department of Revenue Services-Property Tax Division, for the State of Maine.

Address	Sale Price	Assessed Value	Sales Ratio	
18 High Street	\$170,000	\$60,200	0.35	Outlier
47 Oak Street	\$170,000	\$88,900	0.52	
75 High Street	\$130,000	\$75,700	0.58	
19 Abbott Street	\$100,500	\$62,500	0.62	
47 Drummond Ave	\$155,000	\$104,900	0.68	
28 Spruce Street	\$135,000	\$95,900	0.71	Median
5 Edwards Street	\$89,900	\$70,400	0.78	
33 High Street	\$74,000	\$60,000	0.81	
67 High Street	\$140,000	\$116,900	0.84	
26 Oak Street	\$60,000	\$54,200	0.90	
28 Oak Street	\$60,000	\$56,400	0.94	Outlier
		Average Ratio	0.71	
		Median Ratio	0.71	



Example above is just a portion of a study. Our actual studies have hundreds of sales...

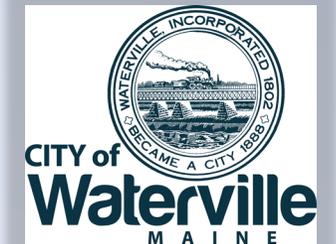
# State of Maine – 2023 State Valuation

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Ratios determined  
from sales July 2020  
to June 2021:

Class	Ratio
Commercial	0.83
Industrial	0.83
Residential	0.71

- A class of property with a **lower** ratio is being assessed at **less** than market value.
- A class of property with a **higher** ratio is being assessed **closer** to market value.
- Actual results of the study by Maine Revenue Services (2023 State Valuation).
- Assessor's have a duty to assess property at market value of "just value".



# Certified Ratio Options

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Maine Revenue Services  
Property Tax Division

## Certified Ratio Declaration Form

Municipality of: WATERVILLE

Developed Parcel Ratio: 71%

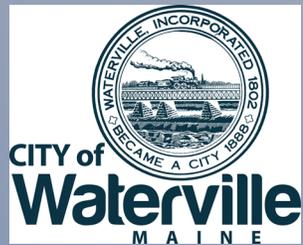
County of: KENNEBEC

Filing Deadline: June 1, 2023

### SECTION A: RATIO DECLARATION

Under Maine law, municipal assessors must annually certify to Maine Revenue Services (“MRS”) the ratio of assessed value to just value in their municipality. This certified ratio must be used by the assessors to adjust the value of certain exemptions in the municipality, including the homestead exemption. As part of the process for determining municipal reimbursement for the homestead exemption, assessors must declare their certified ratio to MRS by June 1 each year. MRS will accept the ratio declared by an assessor if it is within 10% of the developed parcel ratio determined by MRS for the municipality as part of the most recently completed state valuation. If the ratio declared by the assessor differs by more than 10% from the developed parcel ratio, the assessor must provide evidence showing the ratio declared is more accurate for one of the reasons under Option #2 below.

- Option #1:** The municipality declares the developed parcel ratio of 71% determined by MRS as part of the 2023 state valuation, as the certified ratio for 2023.



**Option 1 – Use the State Determined Ratio**

# Certified Ratio Options

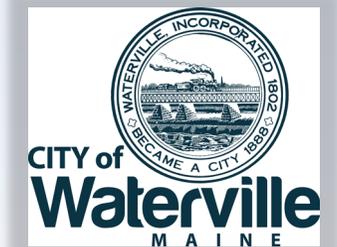
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**Option #2:** The municipality declares a current year certified ratio of: ..... **100** %.

If this ratio is not between 64% and 78%, check the appropriate box below and attach supporting evidence. If insufficient proof is included with this form, MRS will only accept use of the developed parcel ratio in Option #1 and will adjust reimbursements received by the municipality accordingly.

- A total revaluation will be implemented this year
- A partial revaluation or market-based adjustment will be implemented this year
- A total revaluation, partial revaluation or **market-based adjustment was implemented last year**
- More current sales information is available which justifies a higher ratio
- Other (explain) \_\_\_\_\_

## Option 2 – Market Adjustments to correct inequity



# Certified Ratio Options

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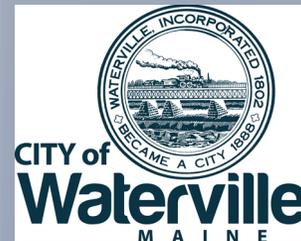
## Which option to choose?

### Option 1 – Certified Ratio of 71%

- Exemptions, including the homestead, would be worth less
- Overall homestead reimbursement would drop
- Loss of over \$14.5 million dollars in taxable personal property value to due ratio adjustments
- BETE reimbursements would drop over \$8.1 million
- New valuations and declared assessments would have to be adjusted by the new ratio
- The mil rate would have to be raised
- The inequity between classes of property increases

### Option 2 – 100% after Market-based adjustments

- Maintains exemption and reimbursements at their maximum value
- No ratio adjustments to personal property
- Improves equity between classes of property
- No adjustments to declared and new assessments
- More time to monitor changing market conditions
- Avoids a ratio “cliff” next year and delays implementation of a full revaluation



*We chose Option 2 to maximize benefits to property owners!*

# What is going to happen to taxes?



## Typical Impacts:

1. Small Single-Family

2. Condominium

3. Large Colonial

4. Commercial

<b>Assessed Value 2022</b>	\$65,200.00	\$67,000.00	\$241,200.00	\$1,758,800.00
<b>Tax @ 25.85 mil</b>	\$1,685.42	\$1,731.92	\$6,235.02	\$45,464.98
<b>Assessed Value 2023</b>	<b>\$129,200.00</b>	<b>\$117,000.000</b>	<b>\$375,400.00</b>	<b>\$3,059,000.00</b>
<b>Tax @ 19.90 mil</b>	\$2,571.08	\$2,328.30	\$7,470.46	\$60,874.10
<b>Tax increase (annual)</b>	\$885.66	\$596.38	\$1,235.44	\$15,409.12
<b>Increase %</b>	52.55%	34.43%	19.81%	33.89%

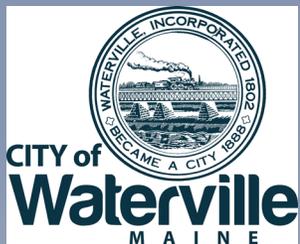
*Tax amount shown at full value, and exemptions are excluded. For the homestead exemption, subtract \$25,000 from the assessed value before determining property tax.*

# Benefits Available to Property Owners

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## Property Exemptions:

	<b>100% Ratio</b>	<b>71% Ratio</b>	<b>Tax Benefit (@ 19.90 mil)</b>
Homestead	\$25,000.00	\$17,750.00	\$497.50
Veteran	\$6,000.00	\$4,260.00	\$119.40
Veteran Widow	\$6,000.00	\$4,260.00	\$119.40
Blind	\$4,000.00	\$2,840.00	\$79.60
Parsonage	\$20,000.000	\$14,200.00	\$398.00
Paraplegic Veteran	\$50,000.00	\$35,500.00	\$995.00



*Applications for exemptions are available in our office, on our website and the  
Maine Revenue website*

# Benefits Available to Property Owners

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## Tax Relief Programs:

- Current Use – Tree Growth, Open Space and Farmland
- Property Tax Deferral – A loan with age and income requirements
- Property Tax Fairness Credit – A tax refund with income and property tax and/or rent paid limitations

