FREQUENTLY ASKED QUESTIONS

Q - ***What is the difference between Assessment Date, Fiscal Year and Commitment Date?***

A - **The Assessment Date** is April 1st of each year as set by state law. The ownership and condition of all property is fixed as of that date each year. Any ownership changes, applications for current use or exemption programs or improvements to the property made after the April 1st date will not change the tax bill. Changes, if any will be reflected in the following tax year based on the next April 1st date.

The Fiscal Year is July 1st thru June 30th. This is the bookkeeping time period for the annual budget approved at Town Meeting each year. Tax bills issued for expenditures in this time period are sent first in August for the first half amount due and a reminder is mailed in February for the second half due.

The Commitment Date is the date set each year when the Tax Assessors commit the town's assessment roll to the Tax Collector to allow for the receipt of payment. The tax commitment usually occurs on the second Tuesday in August.

Q - ***I purchased my property in June of this year, why is the former owner's name still listed on the tax bill?***

A - In accordance with state statute, we are required to commit property taxes to the owner of record as of April 1st, the state-wide assessment date.

Q - ***I sold my property in May of this year, why is my name still on the tax bill?***

A - As stated in the prior question we are required, by law, to commit property taxes to the owner of record as of April 1st. It would be in your best interest to verify with the Assessor's Office that they are aware of the transfer and then forward this bill to the new owner in a timely manner. Although someone else may now be the owner of the property, your name is on the bill and in accordance with Maine law you retain liability for the remainder of the tax year to ensure the taxes are paid. We encourage you to check your closing statement carefully to make sure a pro-ration of taxes was performed. Proration of taxes is solely the responsibility of the buyer and seller.

Q - ***I sold my mobile home last year however; the bill is still in my name. What do I do about the taxes?***

A - Mobile homes on rented or leased land are considered by law to be chattel and are not transferred by deed. Therefore, we must rely on either the buyer or seller to provide us with a "bill of sale" or other documentation when a transfer of this type of property occurs. State law says that we must assess to the last known owner of record. Proration of taxes for this type of property is solely the responsibility of the buyer and seller.

Q - ***I sold (or closed) my business last year however; there is still a tax bill being issued and it is still in my name. What do I do about the taxes?***

A - Business equipment like a mobile home is considered by law to be chattel and is not transferred by deed. Again, we must rely on either the buyer or seller to provide us with a "bill of sale" or other documentation when a transfer of this type of property occurs. State law says that we must assess to the last known owner of record. Proration of taxes for this type of property is solely the responsibility of the buyer and seller. If in fact the business closed after April 1, the state tax date, the taxes are due in full for the entire Fiscal Year and the business owner needs to contact the Assessor in writing to report that the business is closed and include the date the sale occurred and when the equipment was moved from that location. In the event a business moves from one municipality to another, the business will need to pay the taxes in full in the taxed location because of the situs on April 1. The business will not be billed in the new location for the same tax year.

Q - ***How is the tax rate established?***

A - The annual budget is set by way of Town Meeting which occurs in the spring each year. The tax rate is calculated by dividing the approved budget amount (amount to be spent) by the town's total assessed property value, which is determined by the assessor after the annual property review, is completed. This work is usually complete by summer in time for commitment of taxes in August.

When the total valuation of the town increases, which might happen in a period of economic growth, the tax rate may stay the same or go down, depending on the budget. When the total valuation of the town stays the same or decreases, in a stagnant economy for example, the tax rate may go up, also depending on the budget.

Q - ***Will declining values result in tax savings?***

A - Property values have declined slightly from the market high a few years ago however a reduction to town assessed values will not result in lower tax bills. As discussed above in "***How is the tax rate established***" the tax rate results from dividing the budget by the total value of the town. When the value of the town decreases, the reduced value is divided into the budget and if the budget were to remain unchanged, the tax rate would increase. A taxpayer should understand that taxes are their proportionate share of the total cost of school, county and municipal services. Although you may not like to see your town assessed value at or above the actual or perceived market value, a reduction to town values will not result in lower tax bills.

For more information regarding this topic, see: "**Falling Values vs Tax Relief**" available from the Assessing Office.

Q - ***What is market value?***

A - Market value is the most probable price that a property will bring if offered for sale in the open market and sold as an arms-length transaction. A purchase price does not necessarily represent true market value if any special circumstances are involved in the sale. Obviously, the more arms-length transactions that an assessor has to work with, the better any valuation adjustments will be as a result. Currently, we are still seeing some sale prices higher or near assessed value, along with some below assessed values. It is very difficult to find the normal range, when there are fewer sales or sales are erratic.

Q - ***What constitutes an arms-length transaction?***

A - It is a sale between a willing buyer and seller with no extraneous financial issues or other matters considered as part of the sale. It is a sale that is not affected by financial duress. Some examples of sales that are not usually considered arms-length transactions are those involving estates, divorce, bank approved short sales, auctions, where a seller may have gone into a nursing home, sales involved in bankruptcy, foreclosure, seller relocation transfers or other factors preventing a seller from a normal and usual marketing of the property.

Q - ***Is my assessed value what you think my house is actually worth?***

A - Your tax assessed value is an estimate based on the market model created from the last revaluation in 2003. The market continued to increase from 2003 through 2007. In 2008 the market changed direction, however since that time appears to be leveling off. While appraisals are opinions of value for individual properties based on a specific date and time and for a specific reason (refinancing, estate planning, etc), tax assessments are based on the mass-appraisal method which deals with averages of sales in specific areas in a specific time period. The mass-appraisal method of estimating property value for tax purposes is not limited by some of the same restrictions placed upon bank appraisers and therefore, a low bank appraisal is not necessarily an indication that a tax assessment does not meet state standards of equity and fairness.

Q - ***My property has been on the market for a long time with no offers. Should my value be reduced?***

A - In the present economy, it is not uncommon for properties to be on the market for an extended period of time. It does not mean that your property is necessarily assessed too high, but more the fact that there are fewer buyers out there at this time. Most common in this market are sellers that may panic or are forced to sell their property at a time they would prefer not to sell and buyers who may be taking advantage of those circumstances. The Maine Supreme Court has upheld that "Assessors are not, however, obliged to follow the fleeting, speculative fancy of the moment... Violent fluctuations in municipal income are not desirable, and assessors in listing values may, to a certain extent, disregard the excess of a boom as well as the despair of a depression.

Q - ***Can the Town assess me for more than market value or have a ratio of more than 100%?***

A - The goal in assessing is to maintain an average ratio of 100%. Maine Law requires that if a town's total assessments drop below an average of 70% or above 110% as compared to average selling prices, it is time for a revaluation to be done. The State conducts a sales audit each year to review the prior assessment period.

Q - ***I recently purchased my house for $275,000 and the town has it assessed at $325,000. Will you automatically reduce my assessment?***

A - Assessments are not automatically adjusted up or down based on recent sales. Adjustments might occur if current information indicates an error in the assessment record, however current sales information will be kept in our inventory of sales to be used at such time when another revaluation or interim valuation adjustment occurs. A property owner concerned about their assessment compared to a recent purchase price should consult Bulletin #10 published by Maine Revenue Service in which the appeals process is explained and a property owner can explore whether their current assessment represents an equitable value when compared to comparable assessments.

Q - ***Why did my mortgage appraisal come in so much lower than my assessment? Is my tax valuation too high?***

A - A mortgage appraisal is an opinion of value. You may have paid for it, however in most cases an appraisal is done for a bank or lending institution and they are the actual client. An appraisal, according to standards set forth by the Appraisal Institute should state within the document, the purpose. Unlike a tax assessment, appraisers are often limited by the lending institution to use sales within a short time period, often as little as 6 months and comparable sales within a limited distance from the subject. Limitations placed upon appraisers by lenders often make it difficult for appraisers to develop enough data to arrive at the desired conclusion.

If a property owner wishes to use an appraisal to appeal their assessment they would need to make sure that the purpose of the appraisal was for a tax appeal and would need to provide written permission from the appraiser to do so. An appraiser completing such an appraisal would need to review Bulletin #10 published by the Maine Revenue Service in order to determine what changes may be necessary to make their appraisal comply with assessment standards.

Q - ***If the Assessor asks to view the interior of my home, do I have to allow them entry?***

A - No, you do not have to let an assessor in. In order to make the process as fair as possible, however, each property should be fairly assessed on what is actually there, and not left to guess or interpretation. If you deny an assessor permission to do an interior inspection, you may lose your right to appeal the assessment that they will have to arrive at based on estimation.

Q - ***What causes an assessment to change?***

A - Improvements made to your property, and any change in data discovered through inspection, code enforcement records or online advertising if your property is listed for sale. In fact, you do not have to make any changes to your property for your value to change. A revaluation, an adjustment of a class of properties or a simple factoring of values will also result in a change.

Q - ***When will you do another revaluation?***

A - Sale prices are regularly reviewed and adjustments will be considered based on measurable trends. Although a revaluation is required when assessments drop below 70% of market value, it has been the policy of the Council to make more frequent adjustments when data supports the need to do so and to avoid more drastic valuation changes experienced in the past when revaluations were few and far between.

Q - ***What if I think my taxes are too high?***

A - The fact that you have a high tax bill is not, in itself, a valid reason to appeal an assessed value. Taxes are a result of the total spending of the town including School, Municipal and County assessments. Concerns regarding school, municipal and county spending should be addressed to the appropriate governing body. If you believe that an inequity exists in your assessment you should discuss your concern with the Assessor who will provide you with a copy of Bulleting #10 published by The Maine Revenue Service before filling out an application for abatement. The Bulletin is available online or in the Assessing Office and explains the basis for which a valuation appeal can be made.

Q - ***What are my rights and options as a taxpayer?***

A - By state statute, each taxpayer has 185 days from the commitment date to submit an application for abatement. We encourage you to come in and review your property information with us before you file a formal application. If you do end up filing an application, the assessors have 60 days to respond or after such time the application is considered by law to have been "deemed denied." Bulletin #10 explains further appeal options and requirements.

Q - ***Are there any programs available to help reduce the taxes on my home?***

A -There are a number of programs available to property owners that depend upon certain qualifications. Application for these programs must be delivered to town hall on or before April 1st in order to go into effect for the next tax year.

Homestead Exemption: If you are a Maine resident and have owned your home for at least the past 12 months you may qualify for a reduction of the assessed value. See the Homestead Exemption application for more details.

Veteran and/or Widow of Veteran Exemption: A veteran who served during a federally recognized war period and is at least age 62 on or before April 1 in the year they apply may qualify for a reduction of the assessed value. Consult Bulletin No. 7 published by Maine Revenue Service for more details.

Tree Growth – Open Space – Farmland: Property owners with parcels meeting or exceeding the minimum required acreage can apply for a reduction to the property value based on current allowable uses. Consult the appropriate bulletins published by Maine Revenue Service for more details at the web site listed below.

Tree Growth Tax Law - Bulletin No. 19; Farmland Tax Law - Bulletin No. 20
Open Space Tax Law - Bulletin No. 21

Property Tax Fairness Credit: In 2013, the Legislature repealed the Maine Residents Property Tax and Rent Refund (“Circuit Breaker”) Program and replaced it with the Property Tax Fairness Credit. This annual property tax credit can be claimed on the Maine Individual Income Tax Form. The credit is available to any individual who (1) was a Maine resident during any part of the tax year, (2) owned or rented a home in Maine during any part of that year and lived in that home during that year, (3) had Maine adjusted gross income of no more than the amount specified by statute, and (4) paid property taxes on that home or paid rent to live in that home during that year which exceeded Maine adjusted gross income by the percentages specified by statute. The amount of the credit varies depending on individual circumstances. Forms and assistance in applying for the credit are available from the Maine Revenue Services.

For any of the above listed programs you can obtain more information by visiting www.maine.gov/revenue or by contacting town hall. (revised 10/30/2014)