

# MAINE STATE LEGISLATURE

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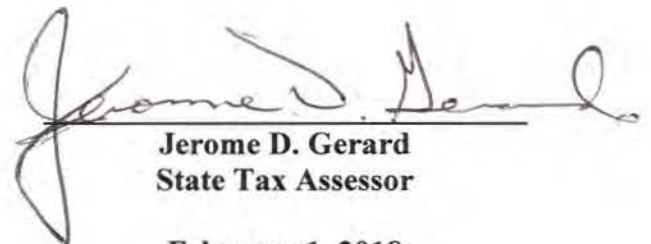
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## **Review of Requests for Adjustment of Equalized Valuation for 2017**

**A Report Prepared for the  
Joint Standing Committee on Taxation  
Pursuant to 36 M.R.S. § 208-A(6)**

**Department of Administrative and Financial Services  
Maine Revenue Services**



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## **I. Introduction**

The State Tax Assessor is required by law to calculate and report to the Secretary of State the equalized just value of all taxable property in the State (the “state valuation”) by February 1st each year. The state valuation is used to determine the amount of state payments to municipalities under the municipal revenue sharing and education funding requirements. The state payment amounts for revenue sharing are calculated using the most recently certified state valuation, and state payments for education subsidy are calculated using an average of certified state valuations for the three most recent years prior to the most recently certified state valuation.

Occasionally, a municipality experiences a significant, unpredicted loss in its overall property valuation. If this loss is due to an event involving a single taxpayer, such as a business closing, or losing part of its operations as a result of a natural disaster, the municipality may request an immediate adjustment to lower its state valuation amount. By reducing its state valuation amount, the municipality will receive additional monetary assistance from the state starting in the following fiscal year as a result of increased municipal revenue sharing and education funding payments.

The law requires the State Tax Assessor to provide an annual report to the Joint Standing Committee on Taxation each year identifying the requests for state valuation adjustment from each municipality during the prior year and the State Tax Assessor’s determination regarding each request. The report also must include a listing of the amount of any payments made by the Commissioner of Education under 36 M.R.S. § 208-A(5)(A). This report pertains to those municipalities that filed claims during calendar year 2017.

## **II. Adjustment for Sudden and Severe Disruption of Valuation Overview**

36 M.R.S. § 208-A provides in part that “[a] municipality requesting an adjustment under this section must file a petition, with supporting documentation, with the State Tax Assessor by March 31st of the year following the tax year in which the sudden and severe disruption occurred.” Section 208-A(2) describes a sudden and severe disruption as follows:

*A municipality experiences a sudden and severe disruption in its municipal valuation if:*

*A. The municipality experiences a net reduction in equalized municipal valuation of at least 2% from the equalized municipal valuation that would apply without adjustment under this section;*

*B. The net reduction in equalized municipal valuation is attributable to the cessation of business operations, removal, functional or economic obsolescence not due to short-term market volatility or destruction of or damage to property resulting from disaster attributable to a single taxpayer that occurred in or was not reasonably determinable until the prior tax year; and*

*C. The municipality's equalized tax rate of residential property following the sudden and severe disruption in municipal valuation exceeds the most recent state average of residential property for which data is available.*

*For purposes of this subsection, "removal" does not include property that was present in the municipality for less than 24 months. This subsection does not apply to property acquired by a municipality that otherwise could seek relief pursuant to this section.*

If the State Tax Assessor determines that the municipality qualifies for a state valuation adjustment, “[t]he State Tax Assessor shall adjust subsequent state valuations until such time as the state valuation recognizes the loss, . . . [but] may limit the time period or amount of adjustment to reflect the circumstances of the sudden and severe loss of valuation.”

If the State Tax Assessor approves an adjustment, the Commissioner of Education and the Treasurer of State must use the adjusted state valuation amount for calculating the education funding and revenue sharing amounts distributed to the municipality for the following fiscal year.

If an adjustment is denied, the State Tax Assessor must send written notification to the municipality and, within 30 days, provide the Joint Standing Committee on Taxation with a copy of the notification. The State Tax Assessor’s written determination constitutes final agency action that is subject to review by the Superior Court.

### **III. Sudden and Severe Disruption Filings for 2017**

The following table sets forth the specific information required by 36 M.R.S. § 208-A(6).

#### **2017 REQUESTS FOR ADJUSTMENT OF EQUALIZED VALUATION UNDER SECTION 208-A**

<b>Date Request for Adjustment Received</b>	<b>Municipality</b>	<b>Taxpayer Listed in Adjustment Petition</b>	<b>State Tax Assessor's Determination</b>	<b>Payments Made by the Commissioner of Education under subsection 5(A)<sup>1</sup></b>
8/23/17	Jay	Verso Androscoggin LLC	Granted	n/a

<sup>1</sup> For property tax years beginning on or after April 1, 2013, 36 M.R.S. § 208-A(5)(A) no longer requires the Commissioner of Education to make a payment to the municipality for the current fiscal year. P. L. 2013, ch. 368. (See chapter 368, section O-11, for retroactive application to property tax years beginning on or after April 1, 2013).