

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

(EMERGENCY)

ONE HUNDRED AND EIGHTH LEGISLATURE

Legislative Document

No. 1607

S. P. 464

In Senate, April 14, 1977

Reported by Select Committee on State Property Tax Valuation, pursuant to S. P. 610 of the 107th Legislature and printed under Joint Rules No. 17.

MAY M. ROSS, Secretary

Filed by the Select Committee on State Property Tax Valuation, under Joint Rule 17, pursuant to Senate Paper 610.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-SEVEN

**AN ACT to Make Possible Property Tax Valuation Assistance to Local
Officials.**

Emergency preamble. Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the property tax is the main source of state and local revenues; and

Whereas, the accuracy of the property tax depends directly on the accuracy of the local tax assessor; and

Whereas, the Select Committee on State Property Tax Valuation found that the most urgent need was for the State to offer immediate technical assistance to the local assessor; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

Be it enacted by the People of the State of Maine, as follows:

Sec. 1. 36 MRSA § 330 is enacted to read:

§ 330. State assistance to local officials

At the request of appropriate officials of either primary assessing areas or of a municipality, the Bureau of Taxation shall provide technical assistance in the following areas:

1. **Appraisal.** Appraisal of property values; and
2. **Assessment standards.** Administration and achievement of the assessment standards established in this subchapter.

Sec. 2. Appropriation. There is appropriated from the General Fund to the Department of Finance and Administration, Bureau of Taxation, the sum of \$260,000 for fiscal years 1977-78 and 1978-79. The breakdown shall be as follows:

	1977-78	1978-79
FINANCE AND ADMINISTRATION, DEPARTMENT OF		
Bureau of Taxation		
Personal Services	(10) \$70,000	(10) \$145,000
All Other	10,000	30,000
Capital Expenditures	5,000	
	<hr/>	<hr/>
Total	\$85,000	\$175,000

Emergency clause. In view of the emergency cited in the preamble, this Act shall take effect when approved.

STATEMENT OF FACT

The purpose of this bill is to improve the assistance provided by the State to local tax assessors. It is one of the recommendations of the 1977 Select Committee on State Property Tax Valuation. The committee made 14 detailed recommendations as to how the state valuation procedures could be improved. Their recommendation that the local assessors be able to request technical assistance from the State was the committee's most urgent request and the committee specifically requested that it be an emergency measure (see page 12 of the report). The committee's experience was that the local assessor desired such assistance. Copies of the committee's report can be obtained from the Office of the Legislative Assistants, Room 427, State House.

In general, the committee's report can be summarized as follows:

A. What is the state valuation?

The state valuation is the yearly estimate by the Bureau of Taxation of the market value of all property in the State.

B. How is the state valuation used?

- (1) It is the valuation against which the uniform property tax is levied.

- (2) It is a factor in state-local revenue sharing formulas.
- (3) It is a standard against which to judge the accuracy of the local assessor.

C. Why can't the State simply add up each municipality's valuations?

- (1) Many towns do not frequently update their valuations.
- (2) Many towns have low assessment ratios (a percentage of full value) and the lower the ratio, the less likely it is to be correct.
- (3) Thus, it is necessary for the Bureau of Taxation personnel to go into the field and analyze recent real estate sales and meet with the local tax assessors.

D. Is the state valuation accurate?

The committee finds the state valuation is:

- (1) Conservative;
- (2) Reasonably accurate; and
- (3) Will improve with each year:
 - (a) Sales data will improve; and
 - (b) Statutory local assessing standards will become stiffer each year.

E. Do errors in the state valuation discriminate against certain types of localities?

Apparently not. There was not discovered a pattern to the types of towns in which the state valuation was inconsistent. Two trends did emerge however:

- (1) In towns in which there was inconsistency, the state valuation erred by being too conservative; and
- (2) These towns had low local assessment ratios and lack of valuation documentation.

F. How many new personnel will be needed?

In addition to adjustments in their statistical methods, the Property Tax Division will also need additional field personnel.

These persons will assist the local assessor and, for the state valuation, perform on-the-spot assessments where local sales are scanty.

G. Why is field assistance to the local assessor necessary?

No matter how accurate the sales information used by the State is, if the local assessor's valuations are inaccurate, the state valuation will be directly influenced. The committee emphasized that its experience revealed that the local assessor desires such assistance.

H. Does the value of the state valuation go beyond insuring an accurate state property tax?

Most definitely, the state valuation provides essential help in making sure the local property tax is accurately assessed, and further, it provides a basis for distribution of different kinds of state aid.