

# MAINE STATE LEGISLATURE

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# ONE HUNDRED AND EIGHTH LEGISLATURE

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**Legislative Document**

**No. 1608**

S. P. 465

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.

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## STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-SEVEN

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### **AN ACT to Establish the 1977 State Valuation Omnibus Reform Act.**

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

Sec. 1. 30 MRSA § 2060, sub-§ 6, as reenacted by PL 1973, c. 695, § 1, is repealed.

Sec. 2. 30 MRSA § 5351, sub-§ 2, as reenacted by PL 1973, c. 695, § 2, is repealed.

Sec. 3. 36 MRSA § 208, sub-§ 1, is enacted to read:

1. Annual studies. The State Tax Assessor shall conduct annual assessment sales ratio studies applicable to each municipality and primary assessing area and publish the results of such studies.

Sec. 4. 36 MRSA § 209 is enacted to read:

#### § 209. Valuation of certain property

1. Valuation. The State Tax Assessor, beginning in the year 1978, shall determine the taxable just value of each industrial property with taxable just value exceeding \$1,000,000. The State Tax Assessor shall on or before June 1st of each year certify such value to the assessors of the municipalities and chief assessors of the primary assessing districts where such properties are subject to assessment. Assessors of municipalities and chief assessors of primary assessing districts shall use such values, at their certified ratios, for local assessment purposes. When he deems it necessary, the State Tax Assessor shall cause a valuation to be made to determine whether certain property meets the dollar value criterion of this section. The taxable just

value as herein determined shall be included in the equalized just value of all real and personal property in each municipality and unorganized place which is subject to taxation under the laws of this State as provided for in section 305.

2. **Industrial property.** As used in this section, "industrial property" shall mean all real and personal property located on contiguous parcels and used in the processing of natural resources, in the production of electrical energy, or in the assembly, fabrication, processing, manufacture and warehousing of tangible personal property.

3. **Mandatory information.** The State Tax Assessor may require the owner of industrial property to provide, within 90 days of his written request, any information which he deems necessary to the determination of the taxable just value of such industrial property. Any owner of industrial property who does not provide such information, in such format as the State Tax Assessor may reasonably request, shall be foreclosed from reconsideration and appeal, under subsections 4 and 5, of determinations made under this section by the State Tax Assessor.

4. **Reconsideration.** A municipality, primary assessing district or any property owner aggrieved by a determination of the State Tax Assessor under this section may petition in writing to the State Tax Assessor for reconsideration of the determination within 15 days after notice of the determination. If a petition for reconsideration is not filed within the 15-day period, the determination of the State Tax Assessor shall become final at the expiration thereof as to law and fact. If a petition for reconsideration is timely filed, the State Tax Assessor shall reconsider his determination and, if the petitioner has so requested in his petition, shall grant the petitioner an oral hearing with 10 days' notice. If appeal is not taken under subsection 5, the decision upon reconsideration shall become final as to law and fact at the expiration of the 30-day period therein allowed.

5. **Appeals.** A municipality, primary assessing district or any property owner aggrieved by the decision upon reconsideration under subsection 4 may, within 30 days after notice thereof, apply in writing to the State Board of Assessment Review for review of such decision. Either party may appeal from the decision of the State Board of Assessment Review to the Superior Court in accordance with the Maine Rules of Civil Procedure, Rule 80B. Pending the result of any appeal, the valuation established by the State Tax Assessor shall be used for valuation purposes. In the event that an appeal results in the amendment of a valuation, the board or court shall order such supplemental assessments and reimbursements and such other relief as are necessary to offset inequities caused by the erroneous valuation.

Sec. 5. 36 MRSA § 327, sub-§ 2, as enacted by PL 1975, c. 545, § 13, is amended to read:

2. **Maximum rating of assessment.** A maximum rating of assessment quality of 30 by 1977; a maximum rating of assessment quality of 25 by 1978; a maximum rating of assessment quality of ~~20~~ 18 by 1979 and thereafter;

Sec. 6. 36 MRSA § 486, sub-§ 2, ¶ C is enacted to read:

**C. Valuation appeals.** To hear and determine appeals by municipalities, primary assessing districts or property owners from determinations by the State Tax Assessor under section 209.

Sec. 7. 36 MRSA § 708, as amended by PL 1973, c. 620, § 17, is amended by adding at the end a new paragraph to read:

They shall classify each parcel of real estate in accordance with the property classification system required by the State Tax Assessor and report the totals of assessed values for such classes on their annual municipal valuation returns.

Sec. 8. 36 MRSA § 708-A, 1st sentence, as enacted by PL 1973, c. 620, § 18, is amended to read:

The chief assessor of each primary assessing area shall on or before the 30th day of each June make perfect lists of the real estate and personal property values referred to in ~~section~~ sections 209 and 708 and commit the same to the municipal officers of each municipality comprising the primary assessing area.

Sec. 9. 36 MRSA § 754-A is enacted to read:

#### § 754-A. Tax bills

Tax collectors shall annually, within 30 days after the commitment of taxes, prepare and mail a tax bill to each taxpayer who is named on the list provided by the assessors or municipal officers pursuant to sections 709 and 709-A. The tax bill shall include the assessed valuation of the taxpayer's property, the tax rate, the amount of tax due and a statement indicating the ratio or percentage of full 100% value used in determining the assessed valuation.

Sec. 10. 36 MRSA § 843, as last amended by PL 1973, c. 625, § 246, is repealed.

Sec. 11. 36 MRSA § 844, as last repealed and replaced by PL 1973, c. 645, § 6, is repealed and the following enacted in its place:

#### § 844. Appeals

If the assessor refuses to make the abatement asked for, the applicant may apply in writing to the State Board of Assessment Review within 30 days after notice of decision from which such appeal is being taken or after the application shall be deemed to have been denied, and if the board thinks he is overassessed he shall be granted such reasonable abatement as the board thinks proper. Either party may appeal from the decision of the State Board of Assessment Review directly to the Superior Court, under the conditions provided for in section 845. Appeals to the State Board of Assessment Review shall be directed to the Chairman of the State Board of Assessment Review, who shall convene the board to hear the appeal and shall notify all parties of the time and place thereof.

Sec. 12. 36 MRSA § 845 is repealed and the following enacted in its place:

### § 845. Appeal to Superior Court

**Any person entitled to appeal to the State Board of Assessment Review for an abatement of his taxes may, if he so elects, appeal under the same terms and conditions from the decision of the assessors to the Superior Court in and for that county.**

**Sec. 13. Appropriation.** There is appropriated from the General Fund to the Department of Finance and Administration, Bureau of Taxation, the sum of \$300,000 for the biennium to be used to carry out the purposes of this Act. The breakdown shall be as follows:

	1977-78	1978-79
FINANCE AND ADMINISTRATION, DEPARTMENT OF		
Bureau of Taxation		
Personal Services	(7) \$ 50,000	(7) \$122,000
All Other	95,000	25,000
Capital Expenditures	5,000	3,000
	<hr/>	<hr/>
	\$150,000	\$150,000

## STATEMENT OF FACT

### 1. Introduction.

This bill is an omnibus reform bill, embodying the recommendations of the 1977 Select Committee on State Property Tax Valuation. Copies of the committee's report, "Is the State Valuation Accurate?" can be obtained from the Office of Legislative Assistants, Room 427, State House, Augusta, Maine.

### 2. Specific recommendations.

The recommendations upon which this bill is based are as follows:

1. An improved citizen appeals process should be instituted whereby, if the assessor refuses to make the abatement (adjustment in a citizen's tax bill) asked for, the citizen may appeal directly to the State Board of Assessment Review and, if still not satisfied, to the Superior Court. No appropriation is needed. See bill sections 1, 2, 10, 11 and 12.

2. Statutory requirement should be established for the Property Tax Division to conduct annual assessment-sales ratio studies applicable to each municipality or assessing jurisdiction, and to publish the results of such studies. No appropriation is needed. See bill section 3.

3. Legislation should be adopted to assign responsibility to the Property Tax Division to appraise at full value all industrial property in the State with a value over \$1,000,000 and all operating utility property subject to taxation, to require the Property Tax Division to certify such individual full value

appraisals to the municipalities to use these appraisals as the basis for their assessed value of the individual properties, and to provide for the financing of this appraisal service from state funds. This recommendation requires an appropriation of \$300,000. See bill sections 4, 6 and 8.

4. The statutory assessment standards for rating of assessments should be adjusted to provide for a maximum quality rating of 18 by 1979 and thereafter, measured by the coefficient of dispersion. No appropriation is needed. See bill section 5.

5. Legislation should be adopted to require that all municipalities classify all parcels of property on their assessment roll according to the standard property classification system and any additional special categories that are significant in their municipality, and that the municipalities report to the State Bureau of Taxation the totals of assessed values for such classes on their municipal valuation returns. No appropriation is needed. See bill section 7.

6. To further increase taxpayer awareness, each locality's tax bill should include the assessed valuation of the taxpayer's property, the tax rate, the amount of tax due and a statement indicating the ratio or percentage of full 100% value certified to the Bureau of Taxation and used in determining the assessed value. No appropriation is needed. See bill section 9.

### 3. General summary of the report.

In general, the report of the Select Committee on State Property Tax Valuation 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 personnel of the Bureau of Taxation 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. No pattern was discovered for the types of towns in which the state valuation was inconsistent. Two trends did emerge however:

- (1) 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 property tax is accurately assessed, and further, it provides a basis 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.