

MAINE STATE LEGISLATURE

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SECOND REGULAR SESSION

ONE HUNDRED AND EIGHTH LEGISLATURE

Legislative Document

No. 2069

H. P. 1982

House of Representatives, January 13, 1978

The Committee on Taxation suggested and 2,000 ordered printed. Approved for introduction by the Legislative Council pursuant to Joint Rule 24

EDWIN H. PERT, Clerk

Presented by Ms. Benoit of South Portland.

Cosponsors: Mr. Carey of Waterville and Mr. Morton of Farmington

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-EIGHT

**AN ACT to Assist Localities in Improving the Accuracy of Local Property Tax
Valuations.**

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

Sec. 1. 36 MRSA § 292, as last amended by PL 1975, c. 545, § 3, is further amended by inserting after the first paragraph the following:

The State Tax Assessor's determination of equalized valuation of industrial property, pursuant to section 305-B, shall be binding upon the board and not reviewable by it.

Sec. 2. 36 MRSA § 305-A is enacted to read:

§305-A. Revaluation and mapping services.

1. Contracts for approval, revaluation or mapping services. The Bureau of Taxation shall furnish assistance to municipalities and primary assessing areas in developing contracts for appraisal, revaluation or mapping services.

2. List of qualified appraisal, revaluation or mapping services. The State Tax Assessor shall maintain and keep a current list of persons or firms qualified to

perform expert appraisal, revaluation or mapping services. No municipality or primary assessing area may contract for services with any person or firm not included on that list. The State Tax Assessor shall promulgate regulations establishing the qualifications necessary for inclusion on the list, and the procedures to be followed in applying for inclusion.

3. Approval of contracts. A municipality or primary assessing area may not enter into a contract for appraisal, revaluation or mapping services without prior approval of the State Tax Assessor. In determining whether to approve or disapprove of a proposed contract, the State Tax Assessor shall consider the following:

A. Whether the person or firm offering the revaluation or mapping services is qualified to perform the specific services contracted for; and

B. Whether the terms of the contract adequately protect the interest of the municipality or primary assessing area.

4. Withholding. All contracts shall provide for the withholding of 10% of the contract price pending the State Tax Assessor's determination that the contract has been satisfactorily fulfilled by the party offering the services. If the State Tax Assessor determines that the contract has not been satisfactorily completed by the party offering the services, the municipality or primary assessing area shall continue to withhold the final 10% payment until completion occurs satisfactory to the State Tax Assessor.

5. Reconsideration of determination; hearing; appraisal. Any person, firm, municipality or primary assessing area which is aggrieved by any determination made by the State Tax Assessor pursuant to this section may apply for reconsideration within 30 days of the determination. The State Tax Assessor shall schedule a hearing on any application for reconsideration within 30 days of the determination. The State Tax Assessor shall issue his decision on the application for reconsideration within 30 days of the hearing. Any party aggrieved by the State Tax Assessor's decision may appeal pursuant to the Maine Rules of Civil Procedure, Rule 80 B.

Sec. 3. 36 MRSA § 305-B is enacted to read:

§ 305-B. Industrial property

1. Valuation. The State Tax Assessor shall determine annually the taxable just value of industrial property according to the following schedule.

A. Any industrial property with a taxable just value in excess of \$1,000,000 which opens for business after January 1, 1979, shall be valued by the State Tax Assessor.

B. Any industrial property opened for business prior to January 1, 1979, shall be valued by the State Tax Assessor according to the following schedule.

- (1) Any property with a taxable just value in excess of \$10,000,000 shall be valued beginning January 1, 1980.**
- (2) Any property with a taxable just value in excess of \$5,000,000 shall be valued beginning January 1, 1985.**
- (3) Any property with a taxable just value in excess of \$1,000,000 shall be valued beginning in 1990.**

The amount so determined shall be used in establishing the state valuation.

The State Tax Assessor shall certify, beginning June 1st of 1979 and each year thereafter, the taxable just value of the industrial property to the owner thereof or his representative, the assessors of municipalities and chief assessors of the primary assessing districts, for local assessment purposes at their certified ratios.

The State Tax Assessor, at his discretion, may cause a valuation to be made to determine whether certain property meets the dollar value criterion of this section.

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 industrial property. Any owner of industrial property who does not provide that information, in the format which 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 30 days after notice of determination. If a petition for reconsideration is not filed within the 30-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 within 10 days' notice. If an 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 Board of Assessment Review for review of that decision. Either party may appeal from the decision of the Board of Assessment Review to the Superior Court in accordance with the Maine Rules of Civil Procedure, Rule 80 B. Pending the result of any appeal, the valuation established by the State Tax Assessor shall be used for assessment purposes. In the event that an appeal results in the amendment of a valuation, the board or court shall order those supplemental assessments and reimbursements and other relief which is necessary to offset inequities caused by the erroneous valuation.

Sec. 4. 36 MRSA § 330 is enacted to read:

§ 330. State assistance to local officials

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

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

Sec. 5. 36 MRSA § 708, as amended by PL 1973, c. 620, § 17, is further amended to read:

§ 708. Assessors to value real estate and personal property

The assessors and the chief assessor of a primary assessing area shall ascertain as nearly as may be the nature, amount and value as of the first day of each April of the real estate and personal property subject to be taxed, except real and personal property valued by the State Tax Assessor in accordance with section 305-B, and shall estimate and record separately the land value, exclusive of buildings, of each parcel of real estate.

- 1. Property classifications.** 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 those classes on their annual municipal valuation returns. The State Tax Assessor shall require the following property classifications.

A. Land:

- (1) **Urban house lots;**
- (2) **Rural house lots;**
- (3) **Seasonal land;**
- (4) **Commercial land;**
- (5) **Industrial Land;**
- (6) **Farmland;**
- (7) **Farm and open space land;**
- (8) **Tree growth land; and**
- (9) **Public utilities land.**

B. Land with buildings:

- (1) **Urban residential land with buildings;**
- (2) **Rural residential land with uildings;**
- (3) **Seasonal land with buildings;**
- (4) **Commercial land with buildings;**
- (5) **Industrial land with buildings;**
- (6) **Public utilities land with buildings; and**
- (7) **Farmland with buildings.**

Sec. 6. 36 MRS § 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 708 and 709** and commit the same to the municipal officers of each municipality comprising the primary assessing ares.

Sec. 7. 36 MRS § 767 is enacted to read:

§ 767. Tax bills

Tax collectors shall annually 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. 8. Appropriation. The following funds shall be appropriated from the General Fund to carry out the purposes of this Act:

	1978-79
FINANCIAL AND ADMINISTRATION,	
DEPARTMENT OF	
Bureau of Taxation	
Personal Services	(20) \$311,342
All Other	53,820
Capital Expenditures	15,250

Total	\$380,412

Fiscal Note

Sections 1, 3, 5 and 6 of the bill: State assessment of industrial property:

	1978-79
Personal Services	(8) \$112,728
All Other	18,960
Capital Expenditures	6,000

Total	\$137,688

Section 2 of the bill: Revaluation and mapping services:

	1978-79	1979-80
Personal Services	(2) \$27,356	\$16,200
All Other	31,560	3,000
Capital Expenditures	1,750	— 0 —
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Total	\$60,666	\$19,200

Section 4 of the bill: State assistance to local officials.

The type of assistance that will be necessary is not now available due to limited field staff devoted to present property tax related responsibilities. The degree of assistance can be measured by the fact that there are 497 municipalities. A relationship of one advisor to 50 municipalities would require 10 positions and an estimated cost of:

		1978-79
Personal Services	(10)	\$171,258
All Other		31,560
Capital Expenditures		7,500
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Total		\$210,318

STATEMENT OF FACT

This bill encompasses the 5 main recommendations of the 1977 Joint Select Committee on State Property Tax Valuation.

Sections 1, 3, 5 and 6. State valuation of industrial property. These sections of the bill authorize the State Tax Assessor to value certain industrial property. As the bureau's expertise grew, they would value progressively less expensive properties (see section 3 of the bill).

Section 3. Contracting for mapping or revaluation by municipal officers of small municipalities is often beyond their capabilities.

In addition, the new assessing standards in Title 36, section 327, have encouraged several to enter the mapping and revaluation field who may not have the necessary credentials for that work.

This bill would provide the necessary guidance in those cases to assure the contractor was qualified and to further assure that the conditions of the contract were met.

Section 4. The number one priority recommendation by the Joint Select Committee on State Property Tax Valuation was state assistance to local assessors. With the statutory requirements for assessing standards in Title 36, section 327, local assessors will have extreme difficulty in equalizing their assessments to the degree required. More importantly, they will have greater difficulty maintaining the standards once they have been reached. Ratios decline in direct relationship to inflation. The maintenance of assessing standards will be an ongoing problem. Considering the prevailing condition of municipal assessment administration it will be next to impossible for most municipalities to meet and maintain the standards set by the Legislature without assistance.

Section 5. This bill would require municipal assessors to classify each parcel of real estate as to type according to a classification system established by the State Tax Assessor.

Classification, by identity code or otherwise, would allow assessors to compare property valuation changes within categories in order to maintain proper equity. All properties do not increase in value at the same rate. During the past few years land values have increased at a faster rate than residential properties which in turn increase faster than commercial and industrial properties. By classifying

each property by category the assessors will be made aware of the varying rate of increase.

As properties are segregated by the state staff for valuation purposes for use in determining the state equalized valuation, municipal classification would make the State's process easier and at the same time more easily understood at the local level.

Section 7. The only contact with the municipal assessment system that the average taxpayer has is the actual tax bill he receives once a year. At the present time, there is not even a statutory requirement that such a bill be sent to the taxpayer. With the increasing awareness on the part of the taxpayers as to the effect of valuations, ratios and tax rates, this information should be evident on the tax bill itself.