

MAINE STATE LEGISLATURE

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SECOND REGULAR SESSION

ONE HUNDRED AND EIGHTH LEGISLATURE

Legislative Document

No. 2115

H. P. 2057

House of Representatives, January 27, 1978

Governor's Bill. The Committee on Taxation suggested.

EDWIN H. PERT, Clerk

Presented by Mr. Hall of Sangerville.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-EIGHT

AN ACT To Improve Property Tax Statutes.

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

Sec. 1. 36 MRSA § 208, 2nd sentence, as repealed and replaced by PL 1975, c. 628, § 1, is amended to read:

He shall equalize and adjust the assessment list of each town, by adding to or deducting from it such amount as will make it equal to its just value as of ~~April 1st~~ **November 1st**.

Sec. 2. 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Sec. 3. 36 MRSA § 384, 4th, 5th and 6th sentences, as repealed and replaced by PL 1973, c. 695, § 8, are repealed and the following enacted in their place:

The State Tax Assessor shall have the power to order the revaluation of any or all real and personal property, or either, in any jurisdiction where in his judgment the revaluation is advisable or necessary to the end that all classes of property in the jurisdiction shall be assessed in compliance with the law. Neglect or failure to comply with the orders on the part of any assessor or other official shall be deemed willful neglect of duty and he shall be subject to the penalties provided by law in those cases. If a satisfactory revaluation is not made by the assessors, then the State Tax Assessor may employ assistance from within or without the jurisdiction where the revaluation is to be made, and that jurisdiction shall bear all necessary expense incurred. Any person aggrieved because of the revaluation shall have the same right of petition and appeal as from the original assessment.

Sec. 4. 36 MRSA § 501-A is enacted to read:

§ 501-A. Taxable status fixed

Notwithstanding anything to the contrary in this Title, all property subject to taxation shall have a taxable status fixed as of November 1st.

Sec. 5. 36 MRSA § 502 is repealed and the following enacted in its place:

§ 502. Property taxable; tax year

All real estate within the State, all personal property of residents of the State and all personal property within the State of persons not residents of the State is subject to taxation on the first day of each November as provided; and the status of all taxpayers and of that taxable property shall be fixed as of that date.

Sec. 6. 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~~ **November of the real estate and personal property subject to be taxed, and shall estimate and record separately the land value, exclusive of buildings, of each parcel of real estate.**

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 no more than 8 separate property classifications.

Sec. 7. 36 MRSA § 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. 36 MRSA § 844-M is enacted to read:

§ 844-M. Appeal to the State Board of Assessment Review

Any person whose written application for an abatement is denied by the assessor or assessors may appeal that decision, within 30 days of notice thereof, to the State Board of Assessment Review. The appeal shall be taken by filing a written notice of appeal with the State Board of Assessment Review and mailing a copy thereof to the assessor or assessors.

The board shall order notice of hearing and give at least 5-days' notice thereof to the assessor or assessors and the aggrieved taxpayer.

The board shall consider all relevant evidence presented by the parties at the hearing and base its written decision thereon. The board, after hearing, may affirm the decision of the assessor or assessors or order an abatement of taxes.

Any party aggrieved by the decision of the board may appeal the decision to the Superior Court pursuant to the Maine Rules of Civil Procedure, Rule 80B.

Any person who elects to seek an abatement under this section is barred from proceeding under section 844.

Sec. 9. **Appropriation.** The following funds shall be appropriated from the General Fund to carry out the purposes of this Act:

	1978-1979
FINANCE AND ADMINISTRATION,	
DEPARTMENT OF	
Bureau of Taxation	
Personal Services (12)	\$171,258
All Other	31,560
Capital Expenditures	7,500

	\$210,318

STATEMENT OF FACT

Sections 1, 4, 5 and 6

Present law provides that property is subject to taxation on the first day of April, with the status of all taxpayers and by all taxable property fixed as of that date.

This bill would change the tax date to November 1st, with the following advantages.

1. Property valuations could be established by the assessor or assessors prior to municipal budget determinations so that the actual effect of budget recommendation on the tax rate would be known.

2. Total taxable valuations would be known prior to town meetings so that the effect of warrants on the tax rate would be known.

3. Tax commitments could be made immediately following establishment of expenditures, allowing a more steady cash flow for municipalities, as well as eliminating the necessity for most tax anticipatory borrowing.

4. New construction occurring during the normal building season in Maine would become taxable in November rather than the following April.

Traditionally, municipal expenditures have been determined early in the calendar year without accurate knowledge of the effect on the tax rate. However, tax commitments must await the assessor or assessors determinations of total taxable value, which in turn await the April 1st date in most municipalities. As a result, June, July and even September commitment dates are not uncommon.

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, as recommended by Thomas L. Jacobs, Consultants to the Select Committee on the Property Tax Valuation.

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 assessor or 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.

Sections 2 and 9

The number one priority recommendation by the 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 on-going 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 3

Present law provides authority for the State Tax Assessor to order a reassessment where in his judgment that action is advisable or necessary to the end that all classes of property in a municipality shall be assessed in compliance with the law.

The Attorney General's department has advised that "reassessment" means a retroactive, corrected assessment. That action would place a municipality in the nearly untenable position of issuing a new tax commitment with corrected tax bills and the resulting confusion of refunds and additional tax liabilities.

This bill would restrict the State Tax Assessor's authority to future assessments.

Section 7

The only contact with the municipal assessment system that the average taxpayer has is the actual tax bill which he receives once a year. At the present time, there is not even a statutory requirement that the 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 will be evident on the tax bill itself.

Section 8

At the present time, the State Board of Assessment Review is available to the taxpayers in 5 municipalities that have elected to become primary assessing units under Title 36, section 303, in addition to the unorganized territory. These municipalities are: Lewiston, Fairfield, Kennebunkport, Winslow and Old Orchard Beach. Taxpayers in all other municipalities may appeal their property valuations either to local municipal review boards, where there is a single assessor situation and the board has been authorized locally or to the county

commissioners. Direct appeal is also authorized to the Superior Court, although this approach is rarely used by taxpayers due to the costs in time and money involved.