

Town of
Farmington

Revaluation: New
Property Values





What does a revaluation do?

The goal of a revaluation is to ensure that property values are assessed equitably ensuring that taxpayers are fairly taxed in comparison to similar properties.

Assessment Equity

- **Equity with respect to assessments and real property taxes means:**
 - Properties are assessed at a uniform percentage of value
 - Properties with similar values pay similar taxes
 - Taxpayers pay their **FAIR** share

Why are we doing a revaluation?

By state law, municipalities are required to have a revaluation done every 10 years. Although some towns go longer the biggest determining factor is based on Certified Ratio and Quality Rating.

State law also requires that the quality rating be no more than 20%. (which means that the difference in valuation between similar properties should never be greater than 20%).

Ref. Title 36 §327. Minimum assessing standards

Over time property values get out of date with the market.

New homes have a value established when they are built. **This will be higher than the value of an identical home built in recent years.**

Filing a letter of intent to upgrade a property will trigger an inspection by the assessor after the project is complete and the property value will be updated. **An identical property that already had those upgrades done several years ago will be assessed lower than the one that just did their renovations.**

As time progresses property values get out of balance between equivalent properties as construction and renovations happen. The revaluation seeks to rebalance these values so that taxpayers are assessed equitably.





Certified Ratio

Each year, Maine Revenue Services determines the full equalized value of each municipality and subsequently calculates a full value tax rate. These tax rates are calculated in order to facilitate equitable comparisons.

The state compares the town's valuation with the state assessment. This is called the **Certified Ratio**.

The state allows a 10% variation in the certified ratio. If a town's certified ration is below 90% or above 110% they are out of balance.

Certified Ratio

Certified Ratio is the overall ratio between assessed value and market value for all property in a municipality as determined by Maine Revenue Services through an annual audit.



Why should I care about the Certified Ratio?

- The annual homestead exemption is \$25,000.
- The homestead exemption is reduced by the same percentage as the Certified Ratio. This is money out of **your pocket!**
 - The 2024 Certified Ratio in Farmington was 79%. Anyone with a homestead exemption got an exemption of \$19,750 instead of \$25,000. In effect your property tax bill was based on an additional \$5,250 in value, or \$112.61 in your tax bill.

$$\$25,000 \times .79 = \$19,750$$

$$\$5,250 \times \$0.02145 \text{ (2024 mil rate)} = \$112.61$$

- Without the revaluation the 2025 Certified Ratio would be 59%. The homestead exemption would be reduced to \$14,750. This would add \$226 to your taxes!

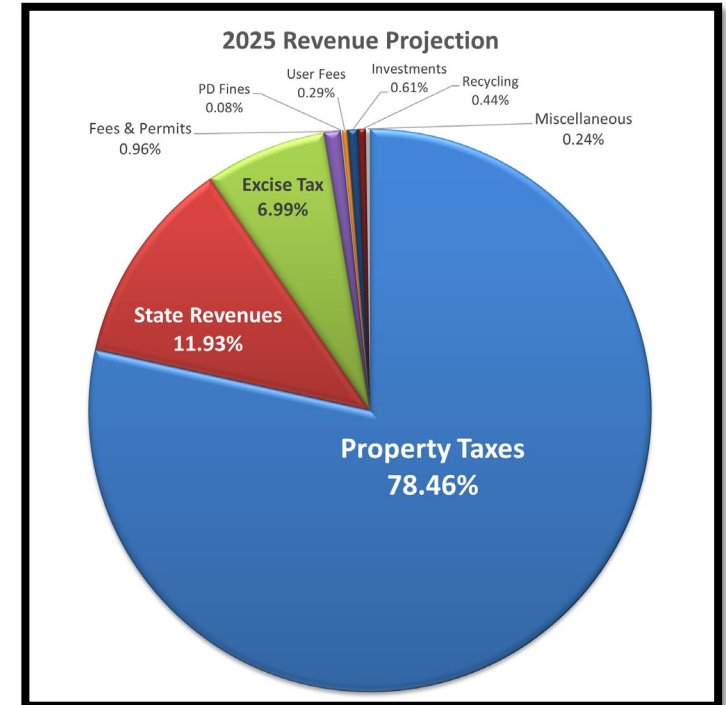
$$\$25,000 \times .59 = \$14,750$$

$$\$10,250 \times .02202 \text{ (est. 2025 mil rate before revaluation)} = \$225.71$$



But I don't have a homestead exemption. What's in it for me?

- Other land use exemptions are also reduced.
 - Tree Growth Program
 - Farmland Program
 - Open Space Program
- State Revenue Sharing is reduced when the Certification Ratio is low.
 - Revenue share is higher in towns with lower valuation. If the state determines the ratio is too low then the State valuation figure will be used instead and the proportion of state revenue sharing will be decreased.
 - Decreased revenue = need to raise more in taxes
 - Affects all property taxpayers





Property Tax Value Letters

- KRT will mail letters on September 12. Each letter will list:
 - ACCOUNT #:
 - PARCEL LOCATION:
 - NEW ASSESSMENT (2025)
- IT IS EXPECTED THAT YOUR PROPERTY VALUE WILL BE HIGHER THAN IT WAS LAST YEAR!
- Not all categories of property will increase at the same rate. Each category of property is assessed separately.
 - Ex: Riverfront property is not assessed at the same value as landlocked property.
 - Ex: Downtown property values are not equivalent to rural property values.
 - Ex: Commercial property is assessed differently than residential property.



Will all properties increase by the same percentage? **NO!**

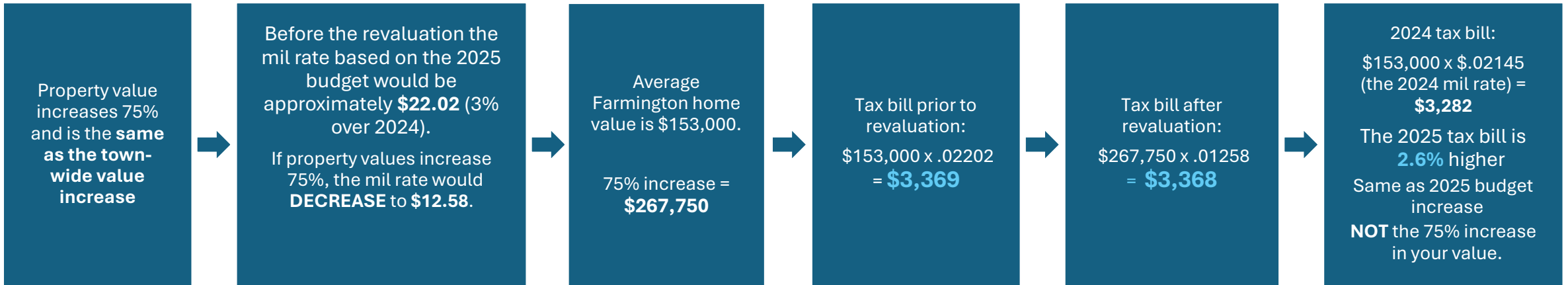


Myths and Facts

MYTH
My new property value is 75% higher. That means my tax bill will increase 75%!

FACT
Revaluation is a net zero activity. The budget drives the amount of money that must be raised by taxes. As value goes up, the mil rate comes down.

Example



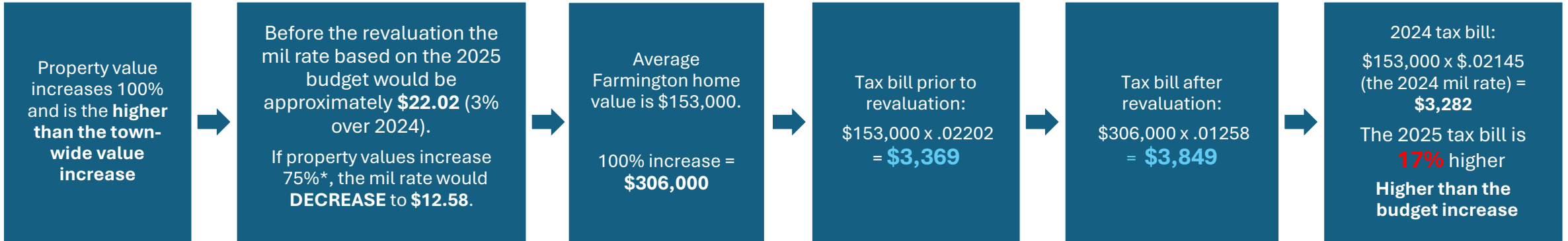


Myths and Facts

MYTH
Everyone's tax bills will increase!

FACT
Some will increase, some will decrease, and some will stay roughly the same (see prior example)

Example 1



*75% used for illustration purposes only. Not actual increase.



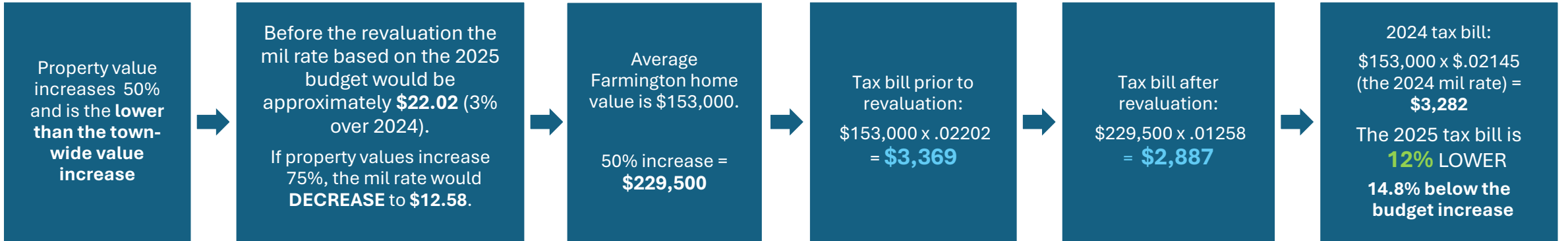


Myths and Facts

MYTH
Everyone's tax bills will increase!

FACT
Some will increase, some will decrease, and some will stay roughly the same (see prior example)

Example 2



*75% used for illustration purposes only. Not actual increase.





Myths and Facts

MYTH
The Town is doing this to make more money!!!

FACT
The Town can only raise the amount required to fund the annual budget.

2024 Valuation
\$577,017,108

2025 mil rate before
revaluation
\$.02202

Amount raised by taxes
\$12,705,917

2025 Revaluation
 $\$577,017,108 \times 1.75^*$
= \$1,009,779,939

2025 mil rate after revaluation
\$.01258

Amount raised by taxes
\$12,703,032

*75% increase in valuation used for illustration purposes only. Not actual increase.



Myths and Facts

MYTH

My neighbor has the same house as I do but his value went up less than mine. That's not fair!

FACT

If your taxes go up, it is likely that you were paying less than your fair share of taxes before. This would mean your proper burden of the overall taxes would have been placed on others throughout the town. I.e. This is why revaluations are important.

Reasons your property may have increased more than your neighbor:

- You made an upgrade to your property that wasn't picked up in the prior assessment (i.e. new shed, paved driveway, upgraded siding or interior flooring, etc.)
- Although your home looks like your neighbor's your home is constructed of higher quality materials.
- You added new rooms in the house (i.e. new bathroom or bedroom)
- You didn't report upgrades made to your home, but your neighbor did and they were paying more in taxes than you were prior to the revaluation.



Myths and Facts

MYTH

My value only went up so much because I let the assessor in my home!

FACT

Your assessment is accurate if the assessor was able to evaluate the interior of your property.

If an assessor has to guess what is in your home you are likely to have an incorrect assessment either more or less.

Our overall goal and the people's goal should be to provide us with the most information so that the entire town can be sure that they are paying the correct amount of taxes.

We do the best we can to estimate fairly but at the end of the day we have no idea what kind of material was used to build your home and what kind of condition it is in without seeing it first hand.

From the outside we can only see 3 out of 10 components that make up a home. Roofing, Siding, and Foundation. We are also looking for information on, Framing, Basement quality and finishes, Flooring, Overall Interior, Electrical, Plumbing, and Heating Sources.



What happens next?

- After you receive your property value letter you may address any dispute in value with the KRT Assessors.
 To schedule a meeting with a representative of KRT Appraisal
 Call 1-855-228-4033 weekdays from September 15th through September 29th from 9:00 A.M. to 4:30 P.M.
 Please keep in mind that operators making appointments cannot discuss values or data. Meetings will take place at the Town Office and phone appointments will also be made available.
- If you like, you can view assessment information at KRT Appraisal's website at www.krtappraisal.com and going to the Farmington, Maine link. The site will show value summary and revaluation information.
- IF YOU CANNOT MAKE AN APPOINTMENT WITH KRT WITHIN THE TWO WEEK TIMEFRAME LISTED you may still contact the Farmington Assessor, Frank Xu, to discuss your assessment. The formal abatement process is still available to every taxpayer.

Questions and Comments

