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It's the single word property owner's fear the most.

No, it's not property taxes. (That's two words and together, they're a close second.) The single word is **revaluation**. Revaluation or reassessment is a process for periodically measuring and capturing changes in property values. It's a process that takes place in every municipality in every state across the country and it is taking place right now in the City of Portland.

A higher assessed property value is usually good news for property owners – it means the value of their investment is going up. Many homeowners fear it also means their tax bills are going up and, for some, that could be the case.

But does an increase in a property's assessed value from a revaluation always mean a higher property tax? The answer is no, it does not. Some properties that come out with a higher assessed value will see their taxes remain flat and others will even see a decrease in taxes.

"Wait, how can that be?" you might ask. Well, there are two important numbers to know in the equation: the total taxable assessed value of property in Portland and the total annual amount required to be collected from property taxes in the annual City Budget. The Assessor's Office determines the value of all real property across the City based on a variety of factors such as age, location, size, improvements and the value of recent nearby sales of a similar type and style. When the city plans its budget for the year, the amount it needs to collect from property taxes (revenues) is based solely on the services it plans to provide (expenditures). In the current budget, this amount is \$186 million. No matter how much property values go up or down, the City plans to collect \$186 million via property taxes to do its job for the year.

The two processes come together when the City sets their tax rate (sometimes referred to as the mil or millage rate). Dividing the needs of the budget by the City's total taxable value is the calculation that determines each property's share of the cost to run the city that year. When the total City assessed value goes up from a revaluation, the tax rate goes down to compensate. (The last 2 revaluations caused the millage rate to drop by over \$10.) The opposite is true if values decrease. But in the end, working from the example above, only the same \$186 million is collected. A revaluation does not raise any new revenue or taxes for the City.

When levying taxes, the City is mandated by legislation and the Maine Constitution to tax property owners based on the assessed value of their property. They stipulate that the assessed value should represent a property's "just value", or what Maine courts have interpreted to mean fair market value. Revaluation is a time to not only make sure all property is assessed to its market value, but to make sure assessments are equalized, or spread equitably, among similar property types.

Revaluation is also a perfect time to take stock of all City property and to confirm and correct property characteristics, especially those that effect value. This is a part of the project where you can help us the most. Residential property owners have been sent a mailer that lists data points our office currently has on your property record. We ask that you make any changes or corrections needed and use the included postage-paid reply envelope to return these back to our office.

The last citywide revaluation was in 2004 and the real estate market in Portland has changed considerably since that time. State law requires municipalities to meet minimum assessment requirements and Portland is currently right at these minimum levels. Without a revaluation, we would fall below these standards next year opening the door to possible administrative actions by the State. One of the biggest effects of being at minimum standards is the Homestead Exemption that more than 8,700 households receive. Instead of the full \$20,000 in exempted assessed value the law allows, approved Portland homeowners are currently only realizing \$16,800 in exemption. After the revaluation, this amount will increase to \$25,000 providing the full value of this tax relief that the Legislature intended.

Around April 2020, property owners will be receiving a new value notice. This starts the process of informal hearings, where every property owner has the full opportunity and right to contest their new value. Instructions for how to initiate the appeal process will be included in your notice and circulated citywide. New property values from this current revaluation will be effective for Fiscal Year 2021 that starts July 1, 2020.

Between now and then you will see me and my staff throughout the community at neighborhood and stakeholder meetings so we can answer any questions property owners may have. The Assessor and Assessor's Office staff are here to serve you. Please visit www.revalueportland.me for the latest information or call our Revaluation Helpline at 207-874-8763.

Christopher Huff
City Assessor