

MESSAGE FROM THE CUSHING BOARD OF ASSESSORS

A town wide revaluation of all properties located in our town is underway and in-progress. We last implemented a reassessment in 2011. Maine Assessment and Appraisal Services Inc. in conjunction with the Town's Assessor's Office is conducting the project, which will appraise all property values at fair market value as of April 1, 2024.

Their professional assessor, Richard Dunton, C.P.A, started in July and so far, he has visited and measured the buildings and did interior inspections (if he was able to) of about 200 parcels for the revaluation. On some of the rainy days he has worked in the Town Office entering data on the software program (called TRIO) that the Town uses to keep records of all town parcels. Currently, Richard is working in the field on most days. He has started on Cushing Town Map #2 and is averaging about 20 parcels a day. When houses are smaller it goes faster, but the big ones take more time. Doing it this way (by Town map) allows him to go from house to house down each road instead of driving around town. He reports that our fellow townspeople have been thus far friendly and easy to deal with. He also said it seems to be about 50/50 for interior inspections and refusals so far and that is about normal. (You should know that property owners are not required to invite or let the assessor into their home. However, if the appraiser does not enter your home, estimates will be made to determine overall value and you may lose the ability to appeal the value of the estimate.)

Properties fluctuate in value with general market conditions, which are constantly changing. A revaluation ensures that property taxes are paid on current and fair market values across the Town and to ensure the tax burden is spread equitably. Real property must be assessed at the same standard of value to ensure that every property owner is paying his or her fair share of the property tax. Only real property is appraised during a reassessment.

The Maine Constitution stipulates two important pieces of valuation policy:

Section 7, Valuation: *While the public expenses shall be assessed on estates, a general valuation shall be taken at least once in 10 years.*

Cushing's last reassessment date of value was 4/1/2011, which will be 13 years from the expected 2024 project completion date.

Section 8, Taxation: *All taxes upon real and personal estate shall be apportioned and assessed equally according to the just value thereof.*

Case law has interpreted "just value" to mean full and fair market value. A property's assessed value should reflect what the property could sell for on the open market.

And Maine Revised Statutes, Title 36, §327 *Minimum Assessing Standards*: States that a municipality shall achieve an assessment ratio not less than 70% and an assessment quality rating not higher than 20.

Maine Revenue Services determined Cushing's assessment ratio for 2022 to be 78% and a quality rating (Coefficient of Dispersion) of 17. Each year these numbers move closer to the minimum standards and for 2023, we are out of compliance with the ratio standard and close to the same for the quality rating.

The fair market value of real property is constantly changing due to factors such as location, market demand, the age and physical condition of a neighborhood, and the state of the economy. As a result, non-uniformity in values occur over time within tax jurisdictions whether property values increase or decrease. For example, comparable houses are now selling for a greater amount than at the time of Cushing's last reassessment in 2011 when market value was last determined. The reassessment process ensures that all houses which have similar characteristics are valued consistently; the property values are equalized allowing property tax to be redistributed on a more equitable basis.

Property owners should pay no more or no less than their fair share of the property tax burden.

The Assessor's Office maintains a database of the physical characteristics for over 1400 parcels within the Town of Cushing. The data includes information such as square footage, garages, decks, pools, type and quality of construction, land/lot area, water features, and several other attributes required for the mass appraisal process.

Licensed staff appraisers determine land values for each of the appraisal models based on analysis of vacant and improved property sales. Structural improvements to the land are valued using a market sale modified Marshall & Swift cost service. Residential structures are generally valued based on the reproduction cost new less depreciation for age and condition.

This market value increase in Cushing is not uniform as some areas have increased in market value more than other areas. These changes also impact the assessed values that will be used for property tax calculations. An overall increase in values will result in an off-setting reduction in the tax rate. As a result, some taxpayers in the Town may pay a greater share of the tax burden while other areas may pay less. This occurs in every reassessment. The general rule of thumb in a revaluation is one-third of properties will see a higher tax levy, one-third will stay the same and one-third will see a decrease.

If your home value has increased, property taxes may not necessarily go up.

As an example, Mrs. Smith and Mrs. Jones each had their home assessed at \$100,000 during the last revaluation. Each is currently paying \$1,570 in property taxes based on a mil rate of 0.0157 or \$15.70 per \$1,000 of assessed value.

The next revaluation shows that both homes have appreciated in value, but the appreciation has been at different rates due to location (they are in different neighborhoods) and maintenance upkeep over the years.

	Mrs. Smith	Mrs. Jones	Total Collected Taxes
Current Assessment	\$100,000	\$100,000	
Current Taxes	\$1,570	\$1,570	\$3,140
Assessment after Reval	\$300,000	\$150,000	
Taxes following Reval	\$2,095	\$1,045	\$3,140

With no revaluation, Mrs. Smith is paying \$525.00 too little while Mrs. Jones is paying \$525.00 too much. Mrs. Jones is subsidizing Mrs. Smith’s tax bill. This is what is meant by Tax Equalization. The purpose is to value all property by the same standard and equalize those values so that no one is paying more than their fair share.

This example also illustrates the point that a revaluation DOES NOT raise new tax revenue for the Town. The same amount of taxes is collected after the reval as before the reval. Think of the amount of taxes collected as a pie. A revaluation does not determine the size of the pie (the budget accomplishes this), but rather ensures the pie is cut up fairly – that taxes are distributed based on current market values.

Bill Aboud, CPA, Chair

Bob Ellis

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