

Market-based Adjustments 2022

Assessing Department



PRESENTERS

City Assessor: Karen Scammon CMA-4

Deputy Assessor: Joseph St Peter CMA-4

Our mission: *The City of Auburn Assessing Division will assess all properties fairly, equitably, and in compliance with all mandated regulations and laws of the State in an open accessible environment.*



Why now?



Sale Date	8/8/2018	3/31/2022
Sale Price	\$185,500	\$305,000
Ratio (time of sale)	0.73	0.45
Assessed Value	\$136,000	\$163,000

	2018	2022
Overall Single Family Ratios	0.91	0.64

CITY VALUATION TOTALS

2022 Property Value

Real Estate **\$2,529,036,517**

taxable \$2,070,114,480

exempt \$458,922,037

Personal Property **\$323,745,487**

taxable \$101,852,943

exempt (BETE) \$221,892,544

Total City of Auburn Valuation \$2,852,782,004

VALUE CHANGE

Total Real Estate Value

Year	Total Real Estate Value
2021	\$2,329,800,457
2022	\$2,529,036,517

increase: **\$199,236,060**

- Single-family property adjustments resulted in a net real estate valuation increase of over \$178,500,000.
- Other increases in value attributed to adjustments to agricultural land. +\$3,300,000.
- The remaining \$17,300,000 increase is the result of net growth, including: new construction, parcel changes, reassessments and more...

SALES RATIO

Sales ratio is the relationship between the assessed value and the market value of a property. The lower the ratio, the higher the sale price is compared to the assessed value.



If the **Assessed Value** is \$200,000 and the **Sale Price** is \$200,000 then the **Ratio** = 1
($\$200,000 \div \$200,000 = 1$)

If the **Assessed Value** is \$200,000 and the **Sale Price** is \$250,000 then the **Ratio** = .8
($\$200,000 \div \$250,000 = .80$)

SALES RATIO STUDY

Sample study:

Address	Sale Price	Assessed Value	Sales Ratio	
787 South Main Street	\$395,000	\$130,000	0.33	outlier
892 Old Danville Road	\$384,000	\$182,100	0.47	
28 Vine Street	\$204,500	\$98,500	0.48	
867 Minot Avenue	\$203,500	\$102,400	0.50	
2053 Hotel Road	\$140,000	\$84,300	0.60	median
1775 Minot Avenue	\$125,000	\$74,700	0.60	
44 Wyman Road	\$150,000	\$104,900	0.70	
65 Smith Street	\$167,500	\$135,900	0.81	
96 Poliquin Avenue	\$90,000	\$89,200	0.99	outlier
Average ratio			0.60	
Median ratio			0.60	

Note

- Sales that are “not arms length” are removed
- Outliers are usually removed
- SRS are completed by the assessing department AND the State of Maine

This is an example; our actual studies have hundreds of sales...

STATE OF MAINE | 2022 STATE VALUATION

Ratios determined
from sales July
2019 to June 2020:

Class	Ratio
Commercial	0.98
Industrial	0.93
Residential	0.83

- A class of property with a **low** ratio is being assessed at **less** than market value.
- A class of property with a higher ratio is being assessed closer to market value (commercial & industrial properties are nearly 100%).
- Commercial/industrial properties in Auburn have a **higher share** of the tax burden.
- Actual results of the study by Maine Revenue Services (2022 State Valuation).
- We have a duty to assess property at market value or “just value”

STATE OF MAINE | 2022 STATE VALUATION

Ratios determined from sales July 2019 to June 2020:

Class	Ratio	
Commercial	0.98	0.15 difference compared to Residential
Industrial	0.93	0.10 difference compared to Residential
Residential	0.83	

Class	Ratio	
Commercial/Industrial Average	0.96	0.13 difference compared to Residential
Residential	0.83	

CERTIFIED RATIO OPTIONS



Maine Revenue Services
Property Tax Division

Certified Ratio Declaration Form

Municipality of: AUBURN

Developed Parcel Ratio: 83%

County of: ANDROSCOGGIN

Filing Deadline: June 1, 2022

The “developed partial ratio” is determined by the State of Maine from the sales ratio study

SECTION A: RATIO DECLARATION

Under Maine law, municipal assessors must annually certify to Maine Revenue Services (“MRS”) the ratio of assessed value to just value in their municipality. This certified ratio must be used by the assessors to adjust the value of certain exemptions in the municipality, including the homestead exemption. As part of the process for determining municipal reimbursement for the homestead exemption, assessors must declare their certified ratio to MRS by June 1 each year. MRS will accept the ratio declared by an assessor if it is within 10% of the developed parcel ratio determined by MRS for the municipality as part of the most recently completed state valuation. If the ratio declared by the assessor differs by more than 10% from the developed parcel ratio, the assessor must provide evidence showing the ratio declared is more accurate for one of the reasons under Option #2 below.

- Option #1:** The municipality declares the developed parcel ratio of 83%, determined by MRS as part of the 2022 state valuation, as the certified ratio for 2022.

Option 1 – Use the State Determined Ratio

CERTIFIED RATIO OPTIONS

Option 2 – Market Adjustments to correct inequity

Option #2: The municipality declares a current year certified ratio of:..... 93 %.
If this ratio is not between 75% and 91%, check the appropriate box below and attach supporting evidence. If insufficient proof is included with this form, MRS will only accept use of the developed parcel ratio in Option #1 and will adjust reimbursements received by the municipality accordingly.

- A total revaluation will be implemented this year
- A partial revaluation or market-based adjustment will be implemented this year
- A total revaluation, partial revaluation or market-based adjustment was implemented last year
- More current sales information is available which justifies a higher ratio
- Other (explain) _____

We picked Option #2, choosing to make market adjustments according to our sales ratio findings. Our appraisal process was guided by best assessing practices set forth by the State of Maine and professional IAAO standards.

CERTIFIED RATIO OPTIONS



WHY NOT OPTION 1? Consequences of declaring an 83% certified ratio:

- Exemptions, including the homestead, would be worth less
- Overall homestead reimbursement value would drop
- Loss of \$10.2 million dollars in taxable personal property value due to ratio adjustments
- BETE reimbursement value would drop by \$22 million
- New valuations and declared assessments would have to be adjusted by the new ratio
- The mil rate would have to be raised
- The inequity between classes of property increases

CERTIFIED RATIO OPTIONS

WHY CHOOSE OPTION 2?

Benefits of the market adjustments made to maintain current 93% ratio:

- Maintains exemptions and reimbursements at their current value
- No ratio adjustments to personal property
- Improves equity between classes of property
- No adjustments to declared and new assessments
- More time to monitor changing market conditions
- Avoids a ratio “cliff” next year and delays implementation of a full revaluation



WHAT IS GOING TO HAPPEN TO TAXES?

Typical impacts:

	1. Small Cape	2. Condominium	3. Large Colonial	4. Waterfront
Assessed Value 2021	\$101,400.00	\$240,700.00	\$413,200.00	\$363,900.00
Tax @ 23.82 mil	\$2,415.35	\$5,733.47	\$9,842.42	\$8,668.10
Assessed Value 2022	\$119,900.00	\$288,800.00	\$495,200.00	\$387,000.00
Tax @ 22.75 mil	\$2,727.73	\$6,570.20	\$11,265.80	\$8,804.25
Tax Increase (annual)	\$312.38	\$836.73	\$1,423.38	\$136.15
Increase %	12.93%	14.59%	14.46%	1.57%

Tax amount shown at full value, any exemptions are excluded. For the homestead exemption, subtract \$23,250 from the assessed value before determining property tax.

BENEFITS AVAILABLE TO PROPERTY OWNERS

Property exemptions:

	100% Ratio	93% Ratio	Tax benefit (@22.75 mil)
Homestead	\$25,000.00	\$23,250	\$528.94
Veterans	\$6,000.00	\$5,580	\$126.95
Veterans Widow	\$6,000.00	\$5,580	\$126.95
Blind	\$4,000.00	\$3,720	\$84.63
Parsonage	\$20,000.00	\$18,600	\$423.15
Paraplegic Veterans	\$50,000.00	\$46,500	\$1,057.88

Applications for exemptions are available in our office, on our website and the Maine Revenue website

BENEFITS AVAILABLE TO PROPERTY OWNERS

Tax Relief Programs:

- **Current Use - Tree Growth, Open Space and Farmland.**
- **Property Tax Deferral – A loan with age and income requirements.**
- **Property Tax Stabilization – A new program that allows property owners to freeze property taxes. Has age requirement. Awaiting details and an application.**



WHAT'S NEXT

Virtual Town Hall Meeting – August 8, Zoom, 6PM

Public Meeting – September 7, Auburn Senior
Community Center, 5:30 p.m.

Story Map: [Explore Real Estate Sales in Auburn \(arcgis.com\)](https://arcgis.com)

Assessing Office – 333-6601 ext. 1133