



## TOWN OF GRAY

Henry Pennell Municipal Complex  
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### OFFICE OF THE ASSESSOR

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October 5, 2022

TO: Gray Town Council  
RE: Maine Revenue Services 2023 State Valuation

The most recent State Valuation (received in September of 2022) determined our town-wide assessment ratio to be at 79% of the just value (fair market value) established by the state based on market values between July of 2020 and June of 2021. The assessment adjustments made for the 2023 fiscal year bring that ratio up to 87%.

Maine Revenue Services allows municipalities to use a certified ratio within 10% of the calculated ratio which would bring that ratio to approximately 95% for the 2024 commitment.

There are several options available to us for the upcoming tax commitment.

- We can use the certified ratio of 95%. This option will cause an increase in the mil rate but not necessarily an increase in taxes.
- We can adjust values to increase the certified ratio. This option will not cause an increase in the mil rate but may increase taxes for some property owners.

Market value is determined by actual sales activity in the local market. While periodic targeted adjustments have been made to stay in line with market values where clear trends are apparent, the real estate market is experiencing unprecedented increases. In addition to these increases, there are escalating construction costs and valuation inequities across various property classes and neighborhoods.

It is my recommendation that we use the 95% certified ratio for the 2023 tax commitment (fiscal year 2024) and plan for a limited revaluation to be implemented for the 2024 tax commitment (fiscal year 2025). This would require the issuance of a request for proposals (RFP) by December 31, 2022, with a start date of July of 2023 and completion in time for the commitment in 2024.

The goal will be to rebuild pricing tables to assess property more accurately and to smooth out valuation inequities across various property classes and neighborhoods.

There is currently \$100,000 in the CIP account designated to the revaluation process, and we are scheduled to have \$150,000 available prior to the start of this project.

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The last town-wide revaluation/equalization project was started in 2015 and implemented for fiscal year 2019. During this process, all properties were visited and building data was updated as needed.

If the Town continues to budget \$50,000 per year, using an estimated cost of \$350,000 for a complete revaluation, there will be adequate funding to implement this for fiscal year 2030.