

Whitefield Assessment Advisory Committee

Report to Selectboard

February 2011

Table of Contents

Executive Summary	ii
Introduction and Scope	1
Overview of Property Taxation	1
Goals	2
Process	3
Findings and Discussion	3
Records and methods	4
Other towns	5
Base lots	5
Rear land	6
Remote and isolated land	6
Conservation easements	6
Public utilities	6
Borrow pits	7
Water frontage	7
Tax reduction programs	8
Farm and open space program	8
Tree growth program	8
Considerations	9
Recommendations	10
Appendices	
Summary of Land Categories and Values for Selected Towns	A-1
Summary of Selected Borrow Pit Information	B-1
Partial List of Property Tax Exemptions, Reductions and Abatements	C-1
Proposed Land Assessment Categories	D-1

Executive Summary

A six-member committee was appointed by the Whitefield Selectboard and asked to review land valuation practices in Town. The Committee began work in November, 2010 and delivered its report and recommendations to the Selectboard in February, 2011. During this period, the Committee conferred with local officials in Whitefield as well as other Maine towns in order to collect information, examples and ideas. Information on property tax law and process was also collected from both the Maine Municipal Association and Maine tax officials in the Bureau of Revenue Services.

The Committee's report and recommendations cover those aspects of land valuation and taxation in Whitefield that the Committee feels are most timely or important for the Assessors to consider. The recommendations are intended to be advisory only. More detailed work should be conducted, including opportunity for comment by townspeople, before any significant changes are made to the valuation process.

The Committee's recommendations to Whitefield's assessors include:

Whitefield's Land Valuation Approach

The report recommends modifications that the Committee feels will reflect value more accurately and provide a basis for taxation that is more fair and equitable and reflective of town goals expressed in the comprehensive land use plan. Suggestions are included for valuing developed and undeveloped lots; larger parcels; remote and isolated lots; water frontage and other characteristics adding value; borrow pits; and transmission, pipeline and other public utility lands.

Methods and Process

- Review annually, with assistance from a certified professional, all categories and rates used for land assessment before the tax commitment.
- Consider adopting a system of building permits, perhaps in conjunction with implementation of the state building code.
- Conduct a market analysis of values for various types of land as a basis for setting valuation rates.
- Be prepared to add or amend categories as conditions change. For example, categories for beneficial easements or cell phone towers may become necessary.

Records and Communications

- Hold a public meeting on proposed changes to categories and relative valuation rates.
- Maintain a record of policy and precedent decisions.
- Develop systems to solicit taxpayer information and feedback to ensure property descriptions are as accurate as possible.

Exemptions, abatements, and current use programs

Make sure that Whitefield's property owners are made aware of currently available tax reduction programs and have access to full information regarding them, especially since they are commonly misunderstood. Taxpayers should be encouraged to take advantage of these programs.

Introduction and Scope

In November 2010, and in response to concerns about assessment of land for property taxes, the Whitefield Selectboard formed a citizen's Assessment Advisory Committee to review the categories used to assess various land types in Town and to recommend changes as necessary. The implementation of changes suggested by the Committee would be the sole responsibility of the Board of Assessors ("Assessors"), currently also the Selectboard.

The Committee consisted of Jim Fitz-Patrick, Wes Keep, Steve Smith, John Delvecchio, Andy Berry and Dennis Merrill.

The Committee's focus was on the assessment of land itself and not on structures or personal property. All three – land, buildings and personal property – comprise a town's total valuation upon which property taxes are assessed. Some attention was, however, given to the Town's records and administrative practices. The nature of assessing land is too large and complex to allow full review with the Committee and available time. The Committee's intent was to provide a limited review with general recommendations with the understanding that additional work will be needed to address specific areas.

Overview of Property Taxation

Maine's Constitution addresses property taxes by stipulating, "All taxes upon real estate, assessed by authority of this state shall be apportioned and assessed equally, according to the just value thereof". (Article IX, Section 8.) The key terms here are "equal" and "just". To be equal, property taxes must be at the same rate for all comparable properties. State law defines just value as follows.

"In the assessment of property, assessors in determining just value are to define this term in a manner that recognizes only that value arising from presently possible land use alternatives to which the particular parcel of land being valued may be put. In determining just value, assessors must consider all relevant factors, including without limitation the effect upon value of any enforceable restrictions to which the use of the land may be subjected including the effect on value of designation of land as significant wildlife habitat under Title 38, section 480-BB, current use, physical depreciation, sales in the secondary market, functional obsolescence and economic obsolescence. Restrictions include but are not limited to zoning restrictions limiting the use of land, subdivision restrictions and any recorded contractual provisions limiting the use of lands. The just value of land is determined to arise from and is attributable to legally permissible use or uses only.

For the purpose of establishing the valuation of unimproved acreage in excess of an improved house lot, contiguous parcels and parcels divided by road, powerline or right-of-way may be valued as one parcel when: each parcel is 5 or more acres; the owner

gives written consent to the assessor to value the parcels as one parcel; and the owner certifies that the parcels are not held for sale and are not subdivision lots”.

Practically, just value can be defined as the market value of a property. This is not to say that all property must be assessed at full market value, but only that assessment must be *based on* market value. The State would consider a town’s valuation to be acceptable if it were above 70% of full market value. Market value is determined through systematic review of recent sales of similar properties in the same market.

Property taxation policy and procedures are subject to the State constitution and laws. Municipalities carry these out through assessment of individual properties, commitment of taxes and collection of taxes. In doing so, towns must apply the principles of just and equal taxation at the fair value of the property. Exemptions allowing taxation based on reduced values or current use must be created by the State, and towns cannot independently create exemptions.

Property valuations, including both the methods (categories) and rates, require periodic updating. The State Constitution requires that assessors conduct a general valuation at least every ten years. More frequent updates are typically to identify changes on individual parcels, changing market conditions and new uses not recognized in existing valuation categories.

Tax bills are determined using the town’s total valuation and the amount of money that must be raised to fund the articles voted at town meeting. From these, a mil rate is set and that is applied to each property’s value to calculate the amount of taxes.

Finally, it is important for taxpayers to know that increases in the value of their properties do not necessarily mean higher tax bills. Assuming there are no changes in spending and other revenue sources, and if most properties increase in value the mill rate may be expected to drop.

Goals

The Committee’s goal was to recommend a process for land valuation having the maximum degree of equity and fairness. To achieve the maximum fairness for the greatest number of taxpayers, any valuation system must be considered on a town-wide basis consistent with market values and avoid focusing on individual or isolated situations to prevent exceptions from becoming the rule. The greatest degree of simplicity possible is also desirable to make a system as easy as possible to understand and implement, while retaining sufficient specificity to properly characterize both the major categories of land use types in Town as well as their respective values.

Equally important is to maintain the ability for assessors to consider individual situations and make case-by-case adjustments. No system, even a very complicated one, can cover all individual property issues that will come up and there is no substitute for good judgment. The Committee was also mindful of the Town’s Comprehensive Plan and included considerations for the intent of preserving Whitefield’s rural nature and open space.

Process

Beginning on November 18, 2010, the Committee began meeting on a regular basis and collecting information. A total of 14 meetings were held. The group met with the current Board of Assessors, the Assessors' Agent Jim Murphy, and the staff at the Town Office to learn about present practices. The Committee also traveled to Augusta to meet with staff of the Property Tax Division of the Maine Revenue Service. This agency administers property tax laws for Maine and provided useful information on land assessment systems used around the State as well as background on legal and procedural matters.

The Committee contacted several neighboring and other towns having similar land use characteristics of agricultural and rural development. This was helpful in understanding what land use categories others are using, the relative value of these and the major elements of valuation alternatives. However, because this review was at a conceptual level, the details of the Committee's recommendations may require further refinement in order to be implemented.

Findings and Discussion

The first town-wide property assessment in recent history began in 2005 and was conducted over the next five years. This work was focused on structures and was conducted by the contracted Assessors' Agent Jim Murphy. Assessment work is presently made up of processing abatement requests, and updating records for property transfers, construction and modifications. The Assessors intend to update information for structures in portions of Town on a rotating, annual basis. Land values were adjusted by the Assessors in 2005 and again in 2010. The Assessors' Agent did not participate in those valuations. Below, as Table 1, is a summary of the major, but not all, categories and rates used to value land over time.

Table 1. Partial History of Land Valuation Rates

<u>Category</u>	<u>Units</u>	<u>Before 7/1/05</u>	<u>7/1/05</u>	<u>7/1/10</u>
Improved Base Lot	Per lot	\$12,000	\$18,500	\$28,500
Base Lot	Per lot	\$6,000	\$12,000	\$18,500
Rear Land	Per Acre	\$250	\$350	\$650
Central Maine Power	Per Acre	\$250	\$650	\$650
River Shore	Per parcel w/ frontage		\$5,000	\$5,000
Lake Shore	Per parcel w/ frontage		\$10,000	\$10,000

The Town also has land valuation categories for gravel pits (more properly called borrow pits), golf courses, wasteland (generally considered to be wetlands), and various types of current land uses programs of tree growth, agricultural use and open space. The Committee did not obtain a history of rates for these categories. With regard to borrow pits, the Town currently has seven rates.

From the 2011 tax commitments, the following are the total valuations of the Town by major category.

Table 2. 2011 Tax Commitment Valuations

<u>Category</u>	<u>Dollar Amount</u>
Buildings	\$105,466,932
Land	\$60,716,140
Personal Property	\$7,319,116
Total Valuation	\$173,502,188
Exempt from Taxation	\$6,092,542
Taxable Valuation	\$167,409,646

The majority of the exempt property is buildings, with the single largest being the school. Thus, of the taxable property, buildings are about 60% of Whitefield’s taxable valuation, land is about 36% and personal property is about 4%.

Records and methods

Administratively, property information is maintained on handwritten “property cards”, and similar information is entered into a computer system that is used to store and manage information for much of the Town’s business. This system, called “TRIO”, is a proprietary software package commonly used by towns in Maine.

In doing its work, the Committee examined some of these records. When Committee members examined their own property computer file, most found errors in the property’s description, and in some cases several errors. Examples of the errors included the ages of structures, features that did not exist such as a basement garage and a deck, and inaccurate parcel size. The handwritten property cards were often not legible and thus are of limited use to the public. Printouts from the computer system are placed in each property’s file folder along with the property card and contain much useful information. However, both the printouts and the property cards use codes and notations that would not be meaningful to most taxpayers without detailed explanation. While open as public records, there is no active effort to share property descriptions with taxpayers in order to have the information validated or explain the basis for taxation.

While the Committee did not examine the TRIO system for its capability to produce custom reports or lists, from discussions with the office staff and Assessor’s Agent, it appears to have limited capability to perform these functions. The ability to query databases and produce reports can provide important information to support decision-making and to keep taxpayers informed.

The Committee did not find any policy or precedent files that document the Assessors’ decisions and rationale on property tax matters. Nor were there files for each year showing the tax categories and rates used for each year or other related information.

The Town tracks changes in property by receiving copies of real estate transfer information, observing building activity taking place, noting Planning Board actions and receipt of “Intent to

Build” forms. This form is required for construction of a new or expanded “structure” but not for improvements to existing structures. A uniform statewide building code is being developed and this may cause the need for a building permit system as is common in many municipalities. Building permits have the advantage of providing more complete information on which to base equitable valuation.

Other towns

In meeting with the Maine Revenue Service, the Committee was advised to keep any system of land valuation simple to make public understanding and administration easier. With a rural town such as Whitefield, the Service strongly suggested that eligible residents participate in the state’s exemption programs for current land uses. These programs are the tree growth program and the agricultural and open space program. In particular, they urged use of the agricultural and open space program since the reimbursement charges for withdrawal are low. The Service also pointed out that all waterfront property is valuable and whatever assessing method is used should recognize this. Finally, *the Service noted that the primary responsibility for valuing land falls to the assessors, although individual taxpayers have the responsibility to provide information on their holdings and to check their assessments for accuracy.*

The Committee contacted several other towns with rural and agricultural characteristics to learn categories they used to value land. Attached, as Appendix A, is a summary table showing the categories used in the towns contacted, along with the 2010 State valuations for Lincoln County. This information is a cursory review and does not represent the finer details of the town’s full valuation system. The information is provided here only to demonstrate the general categories used. Dollar amounts are also shown, and these, too, are provided only for rough comparison of the relative values between categories. In general, most towns have more categories than does Whitefield, with the exception of borrow pits where Whitefield has far more. The use of “graduated” scales for larger parcels of land is very common. In such a system, the first few acres are valued at a higher rate than the next several and larger increments have further decreasing rates.

Whitefield’s present land valuation rates are probably below what a reasonable average market value might be. As can be seen in Appendix A, the majority of the other towns contacted have higher land values, as does the State. Increasing the values used in Whitefield to more closely approximate current actual values would be more equitable and provide a better balance between land values and building values.

Base lots

Consistent with the Town’s Minimum Lot Size Ordinance, base lots are typically the first 1.5 acres of a parcel. Smaller base lots may occur if allowed by the ordinance. Presently, base lots are either improved or unimproved, with improvements assumed to be the presence of a well and septic system. Together, these two features add \$10,000 to the value of a base lot. Situations may occur where one, but not both, of these improvements may be present on a parcel. To address this, a system having separate values for each can be used. The value of each can be tracked separately, for example, \$5,000 for each improvement. However, there may be certain properties, such as commercial activities, having larger wells or septic systems and these should be assessed individually based on their cost.

Rear land

Whitefield's current single category for rear land – all of a parcel except a base lot - lumps too many sizes of parcels together to provide just value for all parcels. Generally, the market price per acre for large parcels can be expected to be less than for smaller parcels. As noted above, many towns use graduated scales having lower per acre values for large parcels, and Whitefield should consider such a system.

Remote and isolated land

Whitefield does not have categories to address so-called back lots. Some parcels are not readily accessible to public services (maintained roads or electricity) and are not as readily suitable for development. Accordingly, their market value – as reflected in the value of the base lot - could be expected to be less than a parcel without such restrictions. There can be two types of such parcels. First are those “remote” parcels that have a defined easement or right-of-way that allows access for development, although the development costs (e.g. providing power or installing a driveway) would lower the selling price of the unimproved lot. In these cases, a lower valuation for the base lot would be appropriate. The second type of parcel is an “isolated” one having no easement or right-of-way that would ensure a base lot could be developed. For these parcels, it would be reasonable to not assess a base lot since development is likely to be impracticable.

Conservation easements

Presently, Whitefield does not have a category for conservation easements, as do some towns. A conservation easement typically places permanent restrictions on part or all of a parcel preventing development and preserving the land in its natural condition. Thus, the land's value is reduced since future development cannot occur, and it is reasonable to reduce the per acre value for those portions that are held in easement. Since each easement will have different restrictions and allowed uses, setting a single fixed value per acre town-wide would prove difficult. Rather, the Assessors should make reductions on a case-by-case basis considering the individual facts regarding the parcel in question. Some considerations may include whether there is water access, the degree of public access, if base lots are retained on the parcel and the nature of allowed/prohibited uses. Conservation lands owned “in fee” by certified non-profit organizations may be exempt by State law from paying taxes.

Public utilities

In reviewing the current land valuation rates, the Committee found some inequities that need to be addressed. Utility transmission rights-of-way are currently being assessed at the same rate as undeveloped rear land. (See Central Maine Power (CMP) rate in Table 1, above.) While now called CMP, multiple utilities, notably gas pipelines, can use the same parcel. These parcels are not raw land but actually fully developed for specific commercial use and should be valued accordingly. Other uses such as house lots would not be expected in utility transmission areas. In some of the other towns the Committee reviewed, utility rights-of- ways are valued at 2 to 3 times the highest rear land rate. It is noted that power lines and poles are valued as real estate and not personal property. Because public utilities are not commonly bought and sold, the value of improvements to the land cannot be determined from the open real estate market. Rather, the just value of poles, wire, etc. must be figured as their earning capacity as a public utility. The

Public Utilities Commission is involved in this process, and the Maine Revenue Service Property Tax Bulletin No. 25 covers this topic.

Borrow pits

Borrow (gravel) pits are a common land use in Whitefield, with several of them being major commercial activities. The Town has some seven valuation categories for borrow pits. The origin and intent of these are unclear, but the seven rates may have been graduated by size of the parcel or borrow pit activity. In practice, however, this has not proven to be the case. A review of the 2011 tax commitments for several of the larger borrow operations indicated some apparent inconsistency in application of the per acre rates. Appendix B summarizes this information. It was also noted that the lowest three pit rates are below the per acre value for rear land. Valuing commercially valuable land at a rate less than “regular” land would seem to be problematic. However, the Committee did not obtain a full list of rates applied to all pits and thus cannot confirm that the lower rates in particular are actually used.

Through discussions of borrow pits, the Committee surfaced many issues that deserve further exploration. There are many relatively small pits scattered throughout the Town, some of which are inactive. Pits under five acres are regulated only under the Town’s Development Ordinance, while those over five acres are permitted by the State Department of Environmental Protection (DEP). After some discussion, the Committee concluded that pits of five acres and larger should be subject to valuation rates that reflect the significant commercial nature of larger borrow pit operations. Those below five acres may be on a parcel with a dwelling or be inactive and have less commercial potential. The Committee felt that using regular base lot and rear land rates would be satisfactory. However, this could be revisited with a more detailed analysis of the number, size and activity of pits below five acres.

The Committee concluded that setting a single per acre valuation rate for borrow pits of five acres and larger would be appropriate. This would be based on number of acres permitted by DEP, and would remain in effect until the borrow pit activity is fully closed out. After closure, regular valuation rates would apply. There are some alternatives that could be used to value borrow operations. The amount of open working face could be measured each year. Another method would be to determine the amount of material available to be removed, and the Department of Transportation has methods for doing this. Neither of these methods would address working areas (machinery locations, processing or storage, for example) and would require considerable information and updating to be accurate.

Water frontage

Whitefield currently values parcels having river or lake water frontage using single rates, with no consideration for the size of the parcel or the amount of actual frontage. River front and lake front parcels have \$5,000 or \$10,000, respectively, added to their values. A parcel with only a small shore frontage, about 50 feet in one case examined, would pay the same rate as neighboring parcels having many hundreds of feet of frontage. The Committee felt this created an inequity and did not reflect the true value added by water frontage. Any frontage adds value to a parcel and in general the more frontage the greater the value added. To address this a system of graduated amounts of frontage, similar to that suggested for rear land, could be adopted. A simple system of three blocks, up to 150 feet, 150 to 500 feet and over 500 feet would be

reasonably easy to administer while still recognizing the value added by greater frontage. There would be separate rates for rivers and lakes. Another possible system would be to use a per foot assessment, perhaps with an initial increment of frontage. This would be more difficult to implement since exact measurements of all frontage would be necessary. Some towns use systems that place different values on water front parcels depending on the particular body of water involved.

Tax reduction programs

There are many programs through which taxpayers can reduce their taxes if they qualify. These fall into the general categories of (1) exemptions that remove some or all of a property's value from taxation, (2) reduced valuations that permit assessing property at less than full value (i.e. current use), (3) abatements to reduce or defer a tax bill once it has been sent and (4) tax relief that provides assistance in paying a tax bill. A list of many, but not all, of these programs is attached as Appendix C. Persons considering these programs must get the details since they have various criteria and conditions in order to qualify. Some of the most commonly used programs include:

- The homestead exemption for resident homeowners
- Various veteran exemptions;
- The so-called circuit breaker program that refunds some property taxes for persons with certain incomes;
- The tree growth program;
- The agricultural and open space program;
- Contiguous parcels over five acres each may be considered as one; and
- Parcels over five acres each divided by a road or right of way may be considered one.

Farm and open space program

Although Whitefield has considerable open space and commercial farming, the reduced tax program for these activities is not being used in Town. Since there is a payback requirement if a person withdraws from the program, participation does demand a commitment over time to farming or maintaining the land as open space. However, the amount, which is based on the previous five years of taxes and interest, is not a huge amount considering the potential long term benefit to the landowner. The staff at the Maine Revenue Service suggested that farmers in Whitefield consider this program because of its generally favorable terms. However, in the final analysis, participation should be an individual business decision for the farmer or landowner. Unlike conservation easements, the State's current use program for open space can, at the landowner's option, be terminated.

Tree growth program

From the 2011 tax commitment, there were 20 parcels of land in Whitefield participating in the tree growth program. These included a total of 1,472 acres and reduced the taxable value by an average of 61%. The tree growth program provides for reimbursements from the State to towns to compensate for lost tax revenue. This is at the rate of 90% of the lost revenue. However, and this is very important, if a town's valuation is not up to minimum State standards as a percentage of full valuation, the reimbursement is reduced. In 2010, Whitefield received only a very small reimbursement. This was due to several factors. First, since the Town's valuation for regular

rear land was so low, \$350 per acre, there was very little difference between that and what the State values tree growth land, leaving little potential for reimbursement. Second, since Whitefield's valuation was only about 60% of the State's full valuation, most of any potential reimbursement was reduced by the penalty applied by the State. Finally, the State can only distribute what money is appropriated by the Legislature to fund the tree growth program. In order for Whitefield to maximize its potential for recouping money under this program, values for regular land would have to be much closer to full market value.

Considerations

In developing a land valuation system, it is helpful to bear in mind some general principles. One of the most important concepts is that there is no substitute for common sense. Parcels and site-specific situations vary greatly and even the most complicated and detailed system could not be expected to encompass every circumstance that may arise. In any event, a large and complicated system would be difficult to develop, maintain and understand. For a small town such as Whitefield, a far more practical approach is to maintain a relatively simple structure system that will cover the large majority of parcels in Town without the need for burdensome or complex details. This should be coupled with a proactive capacity for the Assessors' case-by-case consideration of specific issues particular to an individual parcel of land. There is no substitute for common sense and knowledge of the relevant laws and their thoughtful and fair application.

Many parcels of land have "flaws", such as wet areas, ledge or steep slopes, that arguably diminish their values. However, since such attributes are common on many parcels, some can be considered as the norm and their presence can be factored into the value of an average parcel. Only when there are significant flaws should a parcel be considered for an abatement to reduce its value through demonstration of a clear impact on fair market value. This is best addressed on a case by case basis since each situation will be unique. For example, a relatively small wetland in a large parcel would not normally reduce the total value significantly. However, were that same wetland to prevent access due to its location at the front of a long, narrow parcel, the impact could be significant.

Any system is only as good as the information in it. Unless the information on each parcel is accurate and current, assessments will not be fair and equitable. When some parcels are mischaracterized such that their value is reduced through inaccurate sizes or descriptions, other taxpayers must make up the difference with a higher mil rate. Alternately, a land use may arise that is not covered by the existing system, and the Assessors should be prepared to adopt new valuation categories to accommodate the new or changed uses. For example, Whitefield does not now have any cell phone towers but one could be installed in the future.

Any system is only as good as its administration. Property tax assessment is complicated. The Maine Municipal Association publishes a "Municipal Assessment Manual" that is about 150 pages plus extensive appendices. The manual cites many court cases and laws. Determining the just value of property requires detailed knowledge of real estate markets and building construction and costs. While elected citizen boards can oversee policy for a taxation system and its implementation, there is a clear need for qualified, professional assistance.

Changes in valuation categories, groups and rates will not change the overall tax commitment but will shift relative assessed values between land, buildings and personal property. Currently, Whitefield's land is significantly under-valued while buildings are closer to full-market value. The net result of this is a relatively higher mil rate on buildings. That is, the tax burden is artificially shifted to buildings by relatively undervaluing land. This is not to say that correcting the present inequity by increasing land values will necessarily mean higher tax bills for landowners. Higher valuation of a parcel of land would mean lower mil rates and lower assessments for the buildings on that land. And the use of a graduated schedule for different parcel sizes would mean relatively lower rates for large parcels. The most important factor is ensuring all similar situations are valued in the same way and there are fair and equitable comparisons between the various categories. The obvious means of achieving this is to value all property based on (but not necessarily at) market value. It is noted that state funding is generally based on the State's, not a town's, valuation figures so town values do not affect payments for roads, schools, revenue sharing etc. (as noted above, tree growth is one exception).

Recommendations

Good property valuation must be a continuous process to remain current and fair. The details and maintenance of any system are important. Equally important is public awareness and participation. To achieve these goals, the Town should consider implementing the following steps. As previously noted, additional information is needed to fully develop workable systems, and what is described here is an outline for that work.

A. Methods and processes.

1. The Town should use the services of a qualified professional to assist the Assessors. The State certifies municipal assessors.
2. Consider adopting a system of building permits, perhaps in conjunction with implementation of a state building code.
3. Conduct a market analysis of values for various types of land as a basis for setting valuation rates.
4. Each year the Assessors should thoroughly review the categories and rates used for land assessment before the tax commitment to ensure the categories and the relative values are appropriate.
5. Be prepared to add or amend categories as conditions change. For example, categories for beneficial easements or cell phone towers may become necessary in the future.

B. Records and communications.

1. The Assessors should hold a public meeting on proposed changes to categories and relative valuation rates.
2. The Town should maintain a record of policy and precedent decisions.
3. The Assessors should develop systems to solicit taxpayer information and feedback to ensure property descriptions are as accurate as possible. For example, a user-friendly "dump" of information in the computer system could be sent to each taxpayer prior to April 1 with a request for verification.

4. Prior to committing taxes, the Assessors should conduct trial runs and data dumps to check the accuracy and equity of proposed rates and categories.
5. Taxpayers need to check their individual property card records to ensure the descriptions are accurate and complete.

C. Use of exemptions and abatements and current use programs.

Taxpayers should bring to the attention of the Assessors individual situations for possible adjustment of a parcel's valuation. These are described in Appendix C.

D. Implement a new system for valuation of land parcels.

This should include a graduated scale for various sizes of parcels with declining rates for larger parcels. The system should include categories for remote and isolated lots. One way to value specific land uses (e.g. borrow pits, utility transmission, etc.) would be as a percentage of the regular rear land. Below is an outline of such a system, structured as working definitions. Also included are dollar amounts. These amounts use as a reference point the 2010 State land valuation for Lincoln County and are used here only as a working example. Based on values used by other towns, they may be low. Similarly, the percentages for various land uses are the Committee's estimates based on review of values in other towns and through general discussion. Actual values should be determined through market analysis. For reference, Appendix D presents this system in table form.

Base Lot. Up to the first 1.5 acres of each buildable parcel of land that, consistent with the Town's Minimum Lot Size Ordinance, would support a dwelling or commercial structure. This includes lots "grandfathered" under the ordinance. The Assessors may, on a case-by-case basis, find that a parcel of land does not contain a buildable base lot due to soil conditions, wetlands, steep slopes, the proximity of neighboring wells or septic systems, easements or other physical or legal conditions that would prevent development of the lot.
Example Rate: Full average market value - \$22,000 per lot.

Improvements to Base Lots. The presence of a domestic well and / or septic system on a parcel of land adds \$5000 each. Non-domestic wells or septic systems with high capacities may be valued on a case-by-case basis considering installation or replacement costs.

Remote Base Lot. A base lot on a parcel of land having an easement or right-of-way but which is not currently accessible by automobile or light duty truck, and does not have electrical power without the placement of more than one utility pole to reach the parcel and does not have on it an existing dwelling.
Example Rate: 50% of full base lot value. \$11,000.

Isolated Base Lot. A parcel of land not accessible to a road and which does not have a deeded access through an easement or right-of-way.
Example Rate: No base lot assessment: rear land rates apply.

Rear Land in Excess of Base Lot. That portion of a parcel of land not valued as a base lot. Small or other parcels not suitable for development may be considered rear land on a case-by-case basis.

Example Rates: Up to 5 acres, full average market value - \$910 per acre. Between 5 and 20 acres, 80% of full value - \$728 per acre. Between 20 and 50 acres 60% of full value - \$546 per acre. More than 50 acres, 40% of full value - \$364 per acre.

Wasteland. Portions of a parcel of land that, due to significant presence of wetlands, steep slopes, ledge, or other characteristics that measurably and appreciably diminish the value of the parcel. The amount of diminished value is determined by the Assessors on a case-by-case basis. It is noted that some of these attributes may be found on typical parcels in relatively small amounts. For portions of a parcel to be determined to be wasteland, features must be extensive and / or severe to the extent they clearly reduce the parcel's value or potential uses.

Example Rate: Case- by-case evaluation

Wetlands. Those areas that are inundated by surface water or groundwater at a frequency and duration sufficient to support, and under normal circumstances do support, a prevalence of vegetation typically adapted for life in saturated soil conditions. Wetlands generally include swamps, marshes, bogs, and similar areas. Wetlands must be delineated and described by a qualified professional such as a forester or soil scientist. Note: taxpayers wanting to use such services should make sure the person proposing to do the work is acceptable to Town officials prior to hiring him/her.

Example Rate: Case-by-case evaluation

Conservation Easement. A legal agreement between a property owner and a qualified conservation organization or agency that restricts the uses which may be made of a property. Most conservation easements limit or prohibit development of the land for commercial, industrial and residential uses in perpetuity.

Example Rate: Case by case evaluation

Tree Growth, Agricultural and Open Space Exemptions. Participation in these exemptions is defined by the respective State of Maine programs.

Example Rates: Land values are recommended by the State.

Borrow Pit. An operation undertaken to extract and remove sand, fill or gravel subject to the Town's Development Ordinance or State of Maine regulation.

Example Rate: More than 5 permitted acres, 600% of full rear land value - \$5,460 per acre.

Reclaimed Borrow Pit. The rehabilitation of the area of land affected by a borrow pit, including, but not limited to, the stabilization of slopes and creation of safety benches, the planting of forests, the seeding of grasses and legumes for grazing purposes, the planting of crops for harvest, the enhancement of wildlife and aquatic habitat and aquatic resources and the development of the site for residential, commercial, recreational or industrial use. No further borrow pit activities may be conducted. A certificate of reclamation must be provided by the appropriate regulatory authority to the land owner and the Assessors.

Example Rate: Regular land rates apply.

Utility Right-of-Way. Land that is controlled by a utility, in whole or in part, by fee ownership, easement or lease for the purpose of placing pipe, wire or cable for the conveyance of electricity, gas, oil, water, sewage, or communications that serve a public purpose. Also included is land used for associated facilities such as pumping stations, electrical substations, transformers, and other ancillary structures. A right-of-way abutting and parallel to a public road is exempt.

Example Rate: 400% of full rear land value - \$3,640 per acre.

River or Stream Frontage. Land that has direct access to a mapped river or stream that flows year round and is included in the shoreline zoning program.

Example Rates: The parcel's first 150 feet of frontage is 500% of the full rear land value - \$4,550; and the next 150 to 500 feet of frontage is 300% of the full rear land value - \$2,730; and any frontage more than 500 feet is 200% of the full rear land value - \$1,820.

Lake or Pond Frontage. Land that has direct access to a lake or pond and is included in the shoreline zoning program.

Example Rates: The parcel's first 150 feet of frontage is 2000% of the full rear land value - \$18,200; and the next 150 to 500 feet of frontage is 600% of the full rear land value - \$5,460; and any frontage more than 500 feet is 400% of the full rear land value - \$3,640.

Golf Course. An area developed and maintained for commercial play of golf.

Example Rate: Determined by development costs per hole, currently estimated at \$25,000 per hole.

CATEGORY	UNITS	WHITEFIELD	STATE	CHELSEA	LITCHFIELD	MANCHESTER	TURNER	DRESDEN	JEFFERSON	PITTSTON
Developed base lot	acres	\$28,500	\$33,000	\$23,000	\$40,000			\$25,000	\$35,000	\$34,200
Undeveloped base lot	acres	\$18,500	\$22,000	\$17,000	\$28,000			\$18,000	\$25,000	\$24,000
Mobil home site	acres				\$10,000	\$6,000				
Mobile home site	site							\$9,500	\$7,000	
Frontage beyond base lot	feet								\$15	
Waterfront improved lot	acres							\$50,000		
Waterfront base lot	acres							\$35,000		
Waterfront 2-5 acres	acres							\$5,000		
Waterfront A	acres								\$275,000	
Waterfront B	acres								\$250,000	
Waterfront C	acres								\$225,000	
Waterfront D	acres								\$200,000	
Rear land all sizes	acres	\$650	\$910	\$700						
Rear land up to 5 acres	acres				\$2,500	\$1,600	\$2,000	\$2,500		\$3,500
Rear land up to 10 acres	acres								\$1,000	
Rear land 6-10 acres	acres				\$1,000	\$1,200				\$2,000
Rear land 11-20 acres	acres				\$750	\$1,000			\$750	
Rear land 11-25 acres										\$1,500
Rear land 21-50 acres	acres				\$500	\$600		\$600		
Rear land 26-50 acres										\$1,000
Rear land 6-20 acres	acres							\$850		
Rear land 6-50 acres	acres						\$800			
Rear land 20+ acres	acres								\$600	
Rear land 51+ acres	acres					\$400	\$500	\$400		\$750
Rear land 51-100 acres	acres				\$300					
Rear land 100+ acres	acres				\$200					
Excess road frontage	acres					\$5,000				
Excess shore frontage	acres					\$2,000	various			
Waste land	acres	\$50	\$135		\$50	\$50	\$100	\$200	\$100	
Locked	acres							\$500		
Open space	acres					\$800				
Horticultural	acres					\$425			\$450	
Horticultural I							\$450			
Horticultural II							\$550			
Pasture	acres					\$250	\$325	\$500	\$325	

Cropland or tillable							\$400	\$500	\$400	
Blueberry land							\$400	\$500		
Orchard	acres						\$2,500	\$600	\$500	
Orchard in F.L	acres						\$550			
Farm/open space/blue	acres	\$400								
Tillable pasture all sizes	acres	\$400								
Tillable pasture <50 acres	acres				\$500					
Tillable pasture >50 acres	acres				\$250					
Farm softwood	acres	\$319			\$319			\$319	\$319	
Farm mixed wood	acres	\$248			\$248			\$248	\$248	
Farm hardwood	acres	\$162			\$162			\$162	\$162	
Tree growth softwood	acres	\$319			\$319	\$319		\$319	\$319	
Tree growth mixed wood	acres	\$248			\$248	\$248		\$248	\$248	
Tree growth hardwood	acres	\$162			\$162	\$162		\$162	\$162	
River frontage	site	\$5,000								
Lake frontage	site	\$10,000						by lake		
Golf course	hole	\$22,879								
Golf course	acre				\$26,000			\$9,500		
Golf course	site					\$75,000				
Central Maine Power	acres	\$650								
Transmission right of way	acres					\$3,000			\$3,500	
Tower site	acres					\$80,000				
Access right	acres				\$6,000					
Right of way	acres					\$1,500				
Beneficial easement	acres					\$1,000				
Beneficial lake easement	acres									
Conservation land							\$300			
Gravel pit	acres						\$7,500	\$500		
Gravel pit	site					\$1,000				
Gravel pit A	acres	\$350								
Gravel pit B	acres	\$450								
Gravel pit C	acres	\$525								
Gravel pit D	acres	\$950								
Gravel pit E	acres	\$1,650								
Gravel pit F	acres	\$2,395								
Gravel Pit G	acres	\$4,113								

OWNER	MAP LOT	ACCT #	ACRES	VALUE	\$/ACRE	TAX GROUP	TAX	NOTES
Maine Gravel	1 - 35 A`	177	22.8	\$37,620	\$1,650	E	\$502	not mined
Maine Gravel	1 - 34	1436	11.7	\$28,022	\$2,395	F	\$374	not mined
Maine Gravel	1 - 7	917	54	\$89,100	\$1,650	E	\$1,189	major
Maine Gravel	1 - 35	1020	71	\$117,150	\$1,650	E	\$1,564	major
Maine Gravel	1 - 4	1163	0.88	\$1,452	\$1,650	E	\$19	at intersection
Maine Gravel	1 - 6	1014	8.2	\$33,727	\$4,113	G	\$450	active
Maine Gravel	1 - 5	156	9.7	\$16,005	\$1,650	E	\$214	not mined?
Maine Gravel	1 - 9	359	35.29	\$33,526	\$950	D	\$448	
C. Rice	1 - 16	1123	21	\$86,373	\$4,113	G	\$1,153	partly closed
C. Rice	1 - 18	1393	9.91	\$40,760	\$4,113	G	\$544	working
Ferraiolo	16 - 27	1243	30.84	\$50,886	\$1,650	E	\$679	
Ferraiolo	16 - 28	972	2.5	\$4,125	\$1,650	E	\$55	
Ferraiolo	16 - 33	1433	59.5	\$98,175	\$1,650	E	\$1,311	
H. Warren	7 - 67	974	6	\$21,425	\$3,571		\$286	infrequent use?
S. McGee	16 - 15	791	12.6	\$20,790	\$1,650	E	\$278	
S. McGee	16 - 38	815	39	\$90,375	\$2,317		\$1,207	
Hanley	1 - 8	684	12.3	\$20,295	\$1,650	E	\$271	
Boynton	11 - 6	1653	15.4	\$10,010	\$650		\$134	

Source: 2011 Tax Commitment Book

Appendix C

Partial List of Property Tax Exemptions, Reductions and Abatements

There are restrictions, qualifications and exclusions associated with these programs and persons considering using them must obtain the details to determine if they qualify.

Exemptions to Property Tax

Exemptions are created by State law and towns cannot create them. The State makes partial reimbursements towns for exemptions created after April 1, 1978.

Governmental Owners.

- US Government
- State Government and agencies
- Municipalities (within their boundaries)
- Municipal airports
- Certain municipal utilities
- Land exempt when Maine separated from Mass. (if the use still exists)
- Certain entities created by legislative action (e.g. transportation districts, soil and water conservation districts, non-profit cemetery corporations, etc.)

Benevolent and Charitable Institutions. These must meet various criteria and tests. Generally, the entity must be qualified under section 501(c)(3) of the IRS code. Some specific exemptions included in the statutes are:

- Literary and scientific institutions
- Agricultural fair associations
- Subsidized housing
- Veteran's organizations
- Religious organizations
- Fraternal organizations
- Tenets of exemption organizations
- Hospitals, health maintenance organizations and blood banks

Note: Towns may pass ordinances creating a "service charge" for municipal services provided to some exempt residential properties. Also, towns may seek voluntary agreements for payment of service charges with any exempt properties.

Veterans and Their Families. Exemptions are for specified dollar amounts based on the period of the veteran's service, and the person must be a resident of the State. In most cases, the veteran must be 62 years old.

- WWII, Korea and Vietnam veterans
- WWI and pre-WWII veterans
- Widows and minor children of deceased veterans
- Paraplegic veterans
- Parents of certain deceased veterans

Persons Who are Legally Blind. These persons can get a specified dollar amount exemption.

Appendix C

Certain Types of Real Estate. The law creates exemptions for specified types of real estate:

- Water companies
- Mineral and mining property (precious and base metals)
- Private airports
- Railroad land and fixtures within a right of way
- Pollution control facilities
- Animal waste storage facilities (manure pits)

Personal Property Exemptions. Certain personal property is exempt:

- Industrial inventories
- Stock in trade
- Agricultural products
- Livestock
- Household property
- Radium (for medical use)
- Goods in transit
- Aircraft
- Camper and trailers if subject to excise tax
- Vessels under construction
- Boats and watercraft if subject to excise tax
- Alien or out of state property
- Motor vehicles if subject to excise tax
- Farm machinery (up to certain amount and excluding motor vehicles)
- Snowmobiles
- Pollution control facilities
- Beehives
- Personal property owned by individuals
- Mining property
- Personal property owned by non-resident military personnel
- Telecommunications personal property

Homestead Exemption. This is for a specific dollar amount and is available to all permanent residents owning a homestead in the preceding year.

Reduced Property Tax Assessments

Under these programs, tax assessors may reduce the assessed value of property based on its current use, situation or limitations.

- Farm and Open Space. A penalty is imposed if the land is withdrawn from the program.
- Forest Land. A penalty is imposed if the land is withdrawn from the program.
- Certain conservation and other easements
- Subsidized Housing. Such as Farmer's Home Administration section 515 projects.

Appendix C

- Historic and Scenic Preservation Property. The town must vote to raise or appropriate money to reimburse owners who agree to maintain these uses.
- Wetlands. Where physical or legal condition prevent development.
- Property divided by a town line. Only one town taxes a house
- Contiguous Lots. Even if separate deeds exist, the assessor can combine adjoining lots with the same uses and tax the large parcel as one unit.
- Land Divided by Roads, etc. If a road, power line or right of way divides lots, under some conditions the assessor may merge them for tax purposes. Each parcel must be five acres or larger, the owner must give written consent and the land is not offered for sale or part of a subdivision.

Property Tax Abatements

Once a property owner has received a tax bill, the amount can be abated. Abatements can be initiated by the taxpayer or on the initiative of the assessor with specified timeframes. Generally, it is the taxpayer's responsibility to make his/her case for abatement.

- Overvaluation. Used when the taxpayer believes the property was valued too high.
- Illegality, error or irregularity. This is based on error that would preclude a legal basis to establish a lien on a property, such as an incorrect taxpayer's name, procedural errors in the tax commitment or use of an improper assessment method.
- Poverty or Infirmary. This abatement is for a person's primary residence, and the person must demonstrate an inability to pay a tax bill.
- Inability to pay after two years. A tax collector may initiate this abatement by determining taxes cannot be collected after two years from assessment due to death, poverty, insolvency, bankruptcy, or other situations.
- Veteran's abatement. This is limited to widows or minor children when a qualified veteran having died during the during the year preceding April 1 of the year from which a tax commitment is made.

Property Tax Relief Programs

- Circuit Breaker Program. This is a State program that makes grants to persons who meet income and age requirements to provide some relief from property taxes. Renters are also eligible for the exemption.
- Municipal Property Tax Assistance. Similar to the State circuit breaker program, but is a local level program that can be limit to persons over 62, if the town chooses. The town must enact an ordinance to enable this program.
- Tax Deferral Program. Older persons qualifying by age and income can defer payment of taxes until their death of sale of the property. The town places a lien on properties participating in this program. The town must enact an ordinance to enable this program.

Appendix D

Proposed Land Assessment Categories

The dollar amounts and relative percentages are by the way of example only

CATEGORY	UNITS	FACTOR	VALUE	COMMENTS
Base Lot	Lot		\$22,000	Consistent with Minimum Lot Size Ordinance
Base Lot Improvements				
Septic	Per lot		\$5,000	Case by case for large capacity
Well	Per lot		\$5,000	Case by case for large capacity
Remote Base Lot	Lot	50%	\$11,000	For base lot portion; balance at normal rate
Isolated Base Lot	Lot	0%	\$0	For base lot portion; use rear land rates
Rear Land				
Up to 5 acres	Acres		\$910	In excess of base lot & undevelopable base lots
Next 5 – 20 acres	Acres	80%	\$728	
Next 20 – 50 acres	Acres	60%	\$546	
More than 50 acres	Acres	40%	\$364	
Wasteland / Wetlands	Acres			Case by case consideration
Conservation Easement	Acres			Case by case consideration
Tree Growth Exemption				
Softwood	Acres		State value	
Mixed growth	Acres		State value	
Hardwood	Acres		State value	
Agricultural Exemption				
Pasture	Acres		State value	Forage plants for animal production
Crop & Blueberry	Acres		State value	Field grown crops for human consumption
Orchard	Acres		State value	Trees bearing edible fruit
Horticultural	Acres		State value	Christmas trees, small fruit, ornamentals
Softwood	Acres		State value	
Mixed growth	Acres		State value	
Hardwood	Acres		State value	
Open Space Exemption	Acres		State value	
Borrow Pits				Based on permitted (or actual) acres
Over 5 acres	Acres	600%	\$5,460	
Reclaimed Borrow Pits	Acres	100%	\$910	Full closure certified; use regular rates
Utility transmission	Acres	400%	\$3,640	
River / Stream Front				
First 150 feet	Unit	500%	\$4,550	
Next 150 – 500 feet	Unit	300%	\$2,730	
More than 500 feet	Unit	200%	\$1,820	
Lake / Pond Front				
First 150 feet	Unit	2000%	\$18,200	
Next 150 – 500 feet	Unit	600%	\$5,460	
More than 500 feet	Unit	400%	\$3,640	
Golf Courses	Hole		\$25,000	Base on development cost

Note: The base lot and full rear land dollar values are from the 2010 State Valuations for Lincoln County