

## Assessor's Office - Market Adjustment Information

### 2025 Market Adjustment of Assessment Values

#### Background

Property values in the Town of Paris have been climbing at a fast rate over the past several years as transformation in the community has led to properties selling at overall higher prices. This trend has been seen all across Maine over the past few years because the region has become an increasingly desirable place to own homes or rent. You may have noticed that many properties that are exposed to the market are still under contract within a couple of weeks to the highest bidder, in some cases above asking price. These are the current real estate market conditions that we are living in.

The Maine Constitution requires property taxes to be "assessed equally according to the just value thereof". In other words, it is the responsibility of the Assessor to adjust property values to meet this constitutional requirement. Maine law requires the ratio between overall municipal assessed values and sale prices to be within 70%-110% of "just value", and if we are unable to meet those standards, the State requires Municipal Assessors to adjust properties accordingly to maintain acceptable ratio standards.

The last community-wide revaluation was ten years ago in 2014, and there has been only one market adjustment for commercial and residential properties since that revaluation, nor have there been any adjustments for depreciation. However, because of rapid changes in the real estate market here, we are currently in the high-70% range of overall ratios and headed for the mid-60% range for next year. It is important to perform a market adjustment or "equalization of assessment values" now to keep in line with Maine standards.

#### What happens during an equalization of assessment value or market adjustment?

The question that the Assessor seeks to answer during a market adjustment is what the **market value** of your property was on a given date (or, what a willing buyer would reasonably pay a willing seller for the property). In this process, the Assessor looks at the recent sales in a community and analyzes this market activity to develop formulas that predict what each property in the town is worth, or its "just value". These formulas take into account ample amounts of data, not just one or two sales, to determine adjusting hundreds of properties to a fair and equitable value.

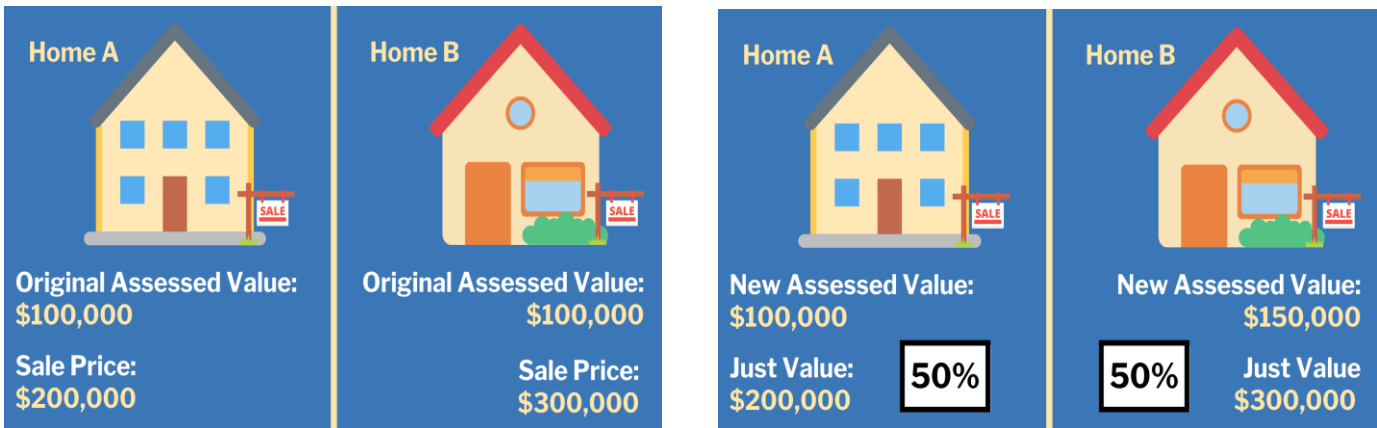
#### Why is it important to adjust property valuations?

#### Equity

A market adjustment makes sure that all property owners are contributing their fair share of property taxes. Property values are used to calculate the amount of property taxes that a household pays. Property values change over time, but not all types of properties change at the same rate. If your home value has decreased while another resident's property value has increased, we want those changes to be reflected in your tax bill.

Let's look at these two houses for a moment as an example. Home A has an assessed value of \$100,000 but just sold for \$200,000 at "just value". Home B has an assessed value of \$100,000 and just sold for \$300,000 at "just value".

Now, let's say that the Assessor, using a large sample size of sales, has concluded through sales analysis formulas that comparable properties to Home A and Home B should be adjusted to create more equitable assessments. Home A's new property value remains \$100,000, but Home B's property value is adjusted to \$150,000. Now both properties are at 50% assessed value to "just value". This creates more equity and ensures that the owner of Home A does not have to subsidize the property tax bill of Home B.



### Impact on State Reimbursements & Land Use Programs

A market adjustment will ensure that all residents receive statewide property tax exemptions, such as the Homestead Exemption and Veterans Exemption, in full. The State of Maine reimburses municipalities for revenue lost due to property tax exemptions. The State has set certain standards for exemption amounts in order to ensure that the exemptions are being applied fairly throughout the state. **In order for our residents to get exemptions applied in full, the Town will need to increase property values at a minimum of 30% on average across the town.** If we did not make these adjustments this year, Paris residents would only qualify for 89% of full state reimbursements. In addition, property owners who participate in the Land Use Programs; such as Tree Growth and Farmland would receive an adjusted tax value on qualifying land.

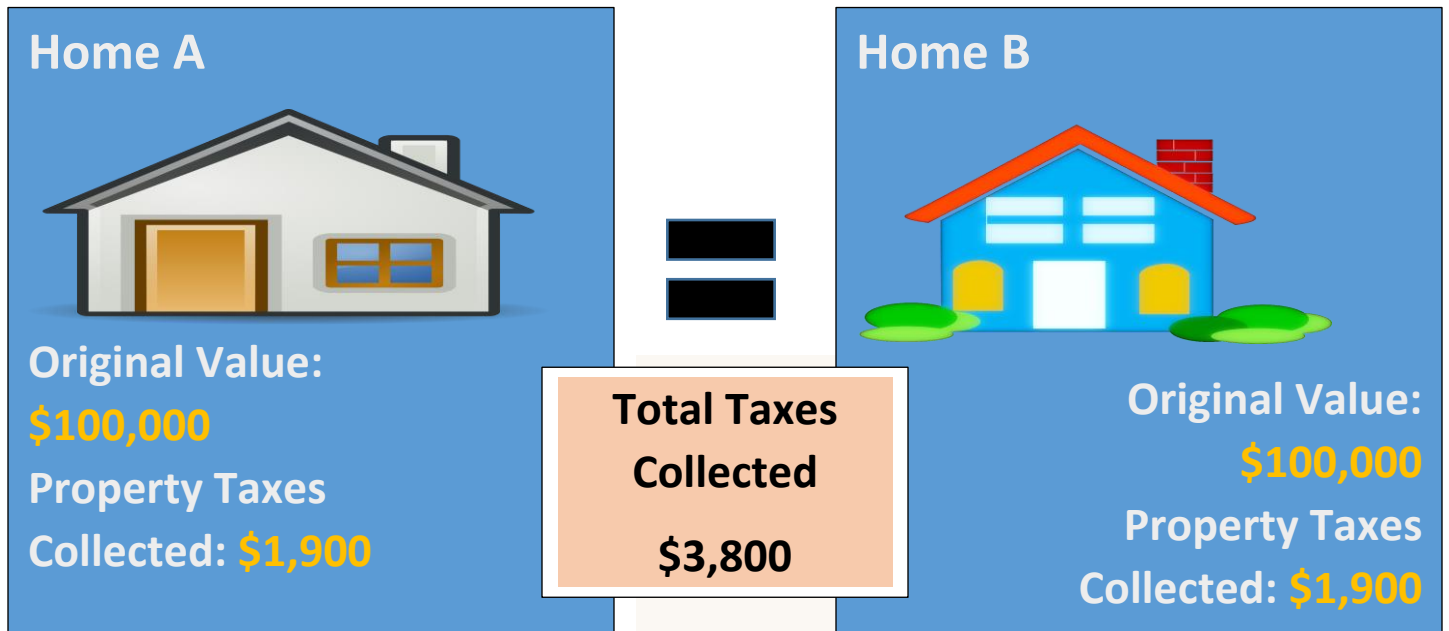
### Will this make my taxes go up?

Not necessarily. Some tax bills will increase, but some will decrease, too, and some will stay about the same.

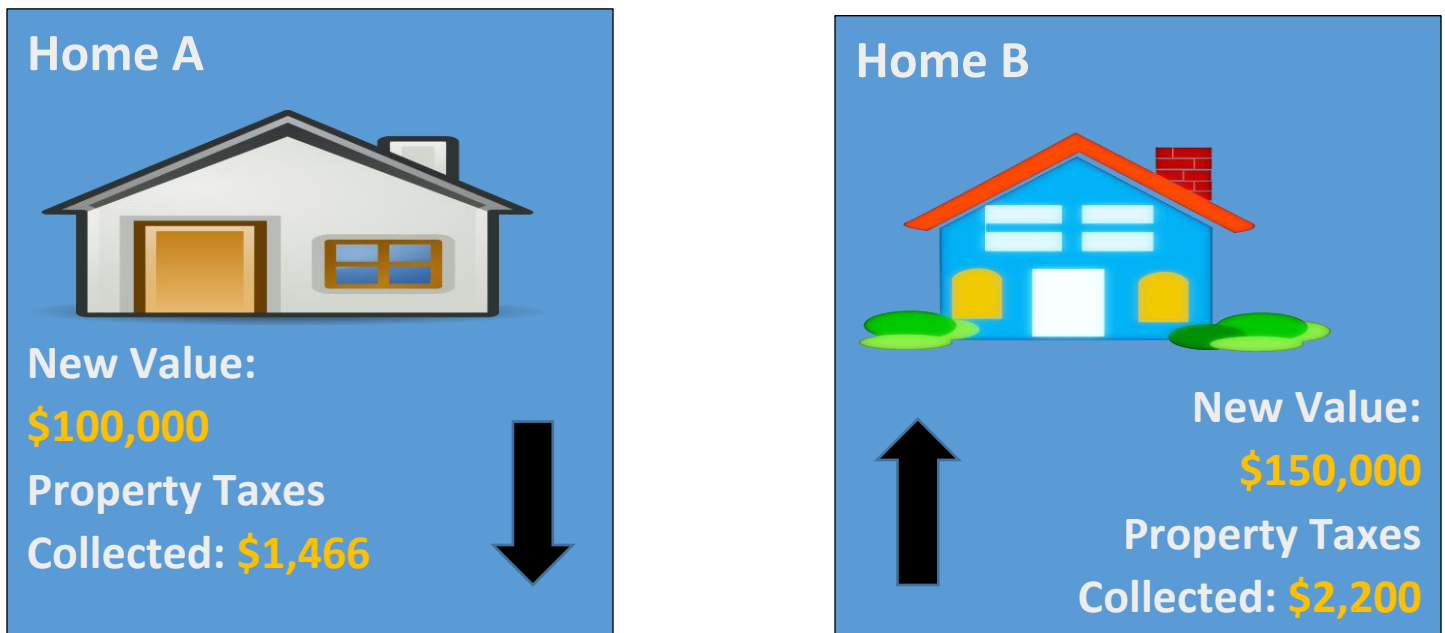
The Assessing Department has concluded that the overall average valuation increase is 30%. Generally, if your home's value increases by less than 30%, you may see a decrease in your tax bill. If your home value increases by more than 30%, you may see an increase in your tax bill. If your home value increases by just about 30%, your tax bill will probably be about the same. As a reminder, these figures are averages. Every property is unique and will be impacted differently by valuation changes.

One thing to keep in mind is that a market adjustment doesn't mean that the Town is collecting more revenue, so it won't change the total amount of taxes that need to be collected to fund the budgets. Before the market adjustment, we would have expected that the tax mil rate would have been close to 19, but this rate decreased to 14.66 to take into account the higher property values after the market adjustments.

Let's go back to our example houses. If we didn't complete a market adjustment this year, their property values would be the same at \$100,000, and the mill rate would be \$19. Each property owner would pay \$1,900 in taxes this year. Together, Home A and Home B were paying a total of \$3,800 in property taxes. Let's suppose this represented the entire Town budgets.



After the market adjustment, Home A's property tax bill actually decreased even though their property value stayed the same. Home B's property tax bill increased. However, even though both homes saw a change in their tax bill, the total amount of taxes that the Town is collecting from them is the same. **The market adjustment is simply a tax shift so the balance of who pays what portion is more fair and equitable as it relates to the current market conditions, not a way to generate new revenue.**



***If you still have questions that are not answered on this page?  
 Please contact the Assessor's Office.....***