



## Property Valuation Abatement

*The following is intended to provide property owners and taxpayers in Bath with information on how to effectively present a request for an abatement of your property valuation to the Assessor for informal review, or how to prepare the formal abatement application and present your position to the Assessor or the Board of Assessment Review. It is based on the statutes about abatement outlined in **MRSA Title 36 Section 841 et seq.** and public education materials provided by the Maine Revenue Services in **Bulletin 10: Property Tax Abatement and Appeals Procedures**. Please note that this document is not legal advice and should not be construed as such. For legal advice about the abatement statute, or the valuation of your particular property, please consult your own attorney.*

***Note that this overview of the reasons the Assessor may abate or reduce the valuation of a property does not in any way commit the Assessor or the Board of Assessment Review to granting an abatement in your particular situation. Each case will be decided on its merits.***

### Am I entitled to an abatement?

Before proceeding with an abatement request, consider carefully whether you really have a valid case. It is not very helpful to say, "My taxes are too high." Legally, this is not a reason the assessor can use to grant an abatement in valuation. The overall City of Bath budget is determined by the City Council in a lengthy annual process. The Assessor only determines the assessed valuations, which are the basis for how Bath's tax burden is divided up fairly among Bath's property owners.

There are three basic reasons for granting an abatement reducing the valuation of a property. Any or all of them may exist in a given problem assessment.

- 1) **Error:** The first reason for an abatement, and the one easiest to correct, is if the assessment was based on incorrect information. The basic dimensions or status of a house or land may be in error. Deed restrictions or factors relating to location or condition are also appropriate items to consider. All of the factors involved in determining value are show on the Property Record Card, which can be obtained from

the Assessor's Office or the Assessor's website (<http://www.cityofbath.com/Assessor>). An assessment based on Incorrect information regarding your property is a valid reasons to file for an abatement and usually result in a speedy decision.

- 2) **Overvalued:** In other cases, you might believe the assessed value of your property exceeds the market value of the property (i.e. "There's no way I could sell my property for this amount!"). This is best demonstrated through analysis of sales of comparable properties. An appraisal showing a lower property valuation and appropriate comparable sales can be helpful.<sup>1</sup>



Alternately, you may wish to create a table of the sales prices of comparable properties. Such a table should provide details of your property and of the properties chosen for comparison, including such items as price, date of sale, lot size, house size, house style, year built, condition and neighborhood factors. Use properties that very closely match your own property. The better the match, the stronger will be your case if the comparable properties sold for significantly less than your assessment. Information on relevant recent sales may be found in the Assessor Office and the Assessor's website (<http://www.cityofbath.com/Assessor>).

- ❑ *Keep in mind that the Assessor cannot apply speculation about the future of the real estate market to current assessed values, which are based on the property's just value (market value) on **April 1** of each year.*

*Each year's property sales are closely reviewed by the Assessor. If warranted, the Assessor may annually adjust valuations for some types of properties to maintain equity in the assessment-to-market value ratio, but we cannot apply adjustments to value based on the ups and downs of the real estate market to individual properties one at a time and maintain the fairness of the mass appraisal system for all taxpayers.*

- 3) **Unfairly valued:** In yet other instances, you might believe that your assessed valuation is too high compared to the assessed valuation of other similar properties in Bath. As above, creating a table showing the data and valuation for your property and other very similar properties (i.e. similar in neighborhood, house and lot size, style, and/or condition) is helpful in effectively presenting your case. Data on other properties in Bath

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<sup>1</sup> Note that an appraiser will not defend an appraisal that is used for purposes other than those designated in the appraisal. For an appraisal to be formally used as evidence in the appeals process, it should be performed for the purposes of property tax valuation. However, the assessor will informally review and consider all relevant information, including information from appraisals performed for other reasons.

may be found in the Assessor's Office or the Assessor's website (<http://www.cityofbath.com/Assessor>).

- *Keep in mind that some variations are apt to be found in valuation of similar properties in most towns, including Bath. It is necessary to consider the average treatment of other properties. If you find your property's value is less than 10% different than the average valuation of very similar properties, it is more difficult to show the Assessor or the Board of Review that your property has been unfairly overvalued or treated differently than other similar properties.*



In all cases, the reasons for requesting your abatement should be specific and convincing. Please provide any relevant documents, photographs, surveys, or fee-based appraisals that you think would aid in understanding your situation.

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## **Making Your Case:**

### **The Burden of Proof When You Appeal Your Valuation**

**When proceeding through the formal abatement appeals process, it is important to understand *the Assessor's valuation of your property is presumed to be correct*. The burden of proof is on the applicant to show cause for the abatement to be granted.**

Maine Courts have held that the Assessor's valuation must be proven "manifestly wrong" before it may be overturned. Generally, that means you must show one or more of the following to be true:

#### **1) The true value of your property was substantially overestimated.**

The meaning of the word "substantially" in this context can be interpreted and argued in any number of ways. However, it may be helpful to keep in mind the "10% different than average" standard used above as a yardstick to measure the potential effectiveness of your argument.

- *Keep in mind that even if you believe the Assessor's Office has made an error in valuing another party's property, pointing out an Assessor's error on another person's valuation does not directly show the Assessor or a review board that your property was overvalued. Your best argument focuses on showing what you believe the correct valuation should be for your property and why.*

**2) The Assessor has systematically overvalued one type of property or the property of one group of taxpayers, resulting in inequitable valuations.**

As above, the meaning of “systematically” in this context can be interpreted and argued in a variety of ways. One example of such a “systemic” problem might be if mobile homes (on average) were valued at 65% of market value, and newly constructed homes (on average) were valued at 100% of market value.

- ❑ *Keep in mind that minor variations in the average assessment-to-sale price ratios for different types of buildings or neighborhoods are to be expected. Even major variations in assessment-to-sale ratios are found for individual property sales, as the motivations and rationales of a buyer and seller will vary (for example, a seller may have acquired a mortgage on the new home he/she has purchased, and thus be willing to sell their prior home at less than full market value in order to close the sale quickly).*
- ❑ *Making this argument requires an analysis of sales data over a period of time (what assessors call a “sales ratio” study, comparing sale prices to valuations). Again, it may be helpful to keep in mind the “10% different than average” standard used above as a yardstick to measure the potential effectiveness of your argument.*
- ❑ *The Assessor’s Office regularly reviews sales ratio studies (comparing sales prices to valuations) for different segments of Bath’s real estate market to assist us in preventing both systematic inequitable valuations and individual overvaluations. The software available on the Assessor’s Office countertop computer allows the public to prepare a simple sales ratio study.*

**3) The assessment was fraudulent, dishonest or illegal.**

The third case for overturning the Assessor’s valuation of your property is a rarely used argument that depends on specific legal definitions of these terms. If this is the reason you believe you should be granted an abatement, you will require legal advice and guidance beyond the scope of this document.