

Why is the Town of Greenville doing a real estate market adjustment?

The purpose of conducting a real estate market adjustment is to equalize property values ensuring a fair distribution of the tax burden among homeowners and to be in compliance with state law. The Maine Constitution mandates that all property taxes must be apportioned and assessed equally according to their just market value. A market adjustment resets all property assessments to 100% of their fair market value.

When real estate market values shift, property values do not rise or fall at the same rate across a town. A market adjustment adjusts taxes so that each person pays based on the current value of their property. Significant growth in the Greenville real estate market has made the current town assessments obsolete which requires an update to reflect accurate market value.

Lakefront has spiked quickly as have some other areas in town. A market adjustment prevents the lagging areas from overpaying and spiking areas from underpaying.

In addition, Maine law requires towns to perform a revaluation when the ratio of assessed value to sales price drops below 70%. Failure to keep assessment ratios high enough can result in reduced state aid for the school, reduced municipal revenue sharing and reduced benefits for programs such as the homestead and veteran's exemption. When a town's certified market ratio drops, local tax exemptions shrink. For example, Greenville's certified ratio is currently 67%. A homeowner who qualifies for the \$25,000 Homestead Exemption would only receive \$15,200 in relief, rather than the entire amount allowed by the state.

A revaluation is not designed to increase taxes, but rather to redistribute the total tax burden based on updated property values. Revaluation is revenue-neutral therefore it does not change the total budget that is needed to operate the town. When the town's overall property values increase during a revaluation, the local mil rate will drop proportionally to keep the overall municipal tax collection flat.