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**PROPERTY TAX BULLETIN NO. 3**  
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**SUBJECT: SPECIFICATIONS FOR TAX EQUALIZATION PROGRAM**

REFERENCE: Title 36 M.R.S.A.

1. Purposes of the Program

The purposes of the program are to:

A. Provide an accurate inventory of all tangible taxable real and personal property within \_\_\_\_\_ (Municipality) together with the owners of record as of April 1, 20\_\_\_\_.

B. Establish "Just Value" appraisals of all tangible taxable real and personal property within \_\_\_\_\_ (Municipality) as of April 1st, 20\_\_\_\_ for use in the assessors list of valuations for the 20\_\_\_\_ tax year.

C. Develop appraisal manuals for \_\_\_\_\_ (Municipality).

D. Develop a record keeping and appraisal system for \_\_\_\_\_ (Municipality).

E. Provide the assessors of \_\_\_\_\_ (Municipality) with sufficient instruction, in the use of the appraisal manuals and record keeping system to enable them to maintain the systems.

2. Scope of the Program

It is the express intent that the program shall include but not be limited to:

A. The "Just Value" appraisal of each parcel of taxable real estate with separately expressed land and building values as well as total property values.

B. The "Just Value" appraisal of each taxable tangible personal property account with separately expressed values for furniture and fixtures, machinery and equipment.

C. Establish a record keeping and appraisal system with appraisal manuals, which will permit the assessors of \_\_\_\_\_ (Municipality) to maintain equitable tangible real and personal property appraisals.

D. To provide sufficient training of the assessors in the use of the system and manuals so that they may maintain the system.

3. Definition of Just Value

A. "In the assessment of property, assessors in determining just value are to define this term in a manner which recognizes only that value arising from presently possible land use alternatives to which the particular parcel of land being valued may be put. Assessors must consider the effect upon value of any enforceable restrictions to which the use of the land may be subjected. Restrictions shall include but are not limited to zoning restrictions limiting the use of the land, subdivision restrictions and any recorded contractual provisions limiting the use of lands. The just value of land is deemed to arise from and is attributable to legally permissible use or uses only." (36 MRSA §701-A)

B. Appraisals shall be made based on this definition of "Just Value."

4. Qualifications

A. Company. The appraisal company shall submit a statement of the qualifications and experience of the company and its principle appraisers and supervisory personnel in appraisal work. Clear statements shall be presented showing a list of all New England clients served during the last (5) years; the nature of the properties appraised; the average number of persons fully and gainfully employed; financial responsibility; and present work assignments.

B. Personnel. The services of experienced and competent appraisers, together with all necessary field and office assistance, including clerks and equipment, shall be provided to execute all appraisal work as covered in these specifications. No member of the staff employed on this project shall be under legal age (18 years).

The project supervisor shall have at least 5 years appraisal experience, review appraisers shall have at least 3 years appraisal experience and measurers and listers shall have at least one (1) year of appraisal experience.

One measurer and lister trainee may be used on the project for each two experienced measurers and listers used and must be under the direct supervision of a measurer and lister with at least two years of appraisal experience.

One review appraiser trainee may be used on the project under the direct supervision of the project supervisor.

It is expressly understood that a minimum number of review appraisers shall be used on the project and that whenever possible the job supervisor shall be the sole review appraiser.

C. The assessor shall have the right to request the removal of any person employed on this project for just cause and the company shall honor such request immediately.

D. The company may subcontract with specialists for the performance of personal property appraisals or for the appraisal of special purpose properties such as paper mills, power plants or other unusual property.

When such subcontract is to be made the qualifications of the subcontractor and subcontractor's personnel shall be submitted with the initial proposal in the same detail as for the company. All the terms and conditions which apply to the company in these

specifications shall also apply to any subcontractor, engaged by the company.

The company shall be wholly responsible for the satisfactory and timely performance of any work subcontracted.

E. The company shall not employ any official of \_\_\_\_\_(Municipality) or any member of an official's immediate family or any resident of \_\_\_\_\_ (Municipality) in the performance of any work on this project excepting an individual being trained to act in an administrative capacity for the local assessment function.

5. Insurance

A. The company shall carry and maintain in force public liability and workmen's compensation insurance, and shall save \_\_\_\_\_(Municipality) and its officers harmless from all claims, demands, payments, suits, actions, recoveries and judgments of every kind and description brought or recovered against it by reason of an act or omission of said contractor, his agents or employees, in the execution of the work, including claims relating to labor and materials, patent rights and copyrights used in performing the work.

B. The company's public liability insurance shall provide comprehensive coverage against claims for personal injury, death or property damage.

C. Liability limits shall not be less than the limits established in the Maine Tort Claims Act, 14 MRSA §8101 (1977). The Maine Tort Claims Act presently limits damages to \$300,000 for any and all claims arising out a single occurrence.

D. To the extent permitted by law, all such insurance provided by the contractor shall be carried in favor of the municipality and its officers, employees and agents as well as in favor of the company.

E. The company shall not deny liability because of any legal defense to which the municipality is entitled by reason of being a municipality.

F. The company shall carry valuable papers insurance on any and all records applicable to the project against the loss or destruction of such records in an amount of not less than the contract price.

G. All certificates of insurance showing policies covering insurance herein required shall be filed with the municipal officers and approved by them prior to the commencement of any work under the project.

6. Bonds

A. The company shall provide a performance bond for not less than one hundred percent (100%) of the total contract price with a corporate surety acceptable to \_\_\_\_\_(Municipality) to be conditioned upon the faithful fulfillment of the total contract.

7. Progress and Control

A. The company shall formulate a plan for completion of the project which meets with the approval of the assessor(s) or municipal officers.

Said plan shall include but not be limited to:

1. Assignment of the project supervisor who shall be the company representative with regard to the project.
2. The starting date
3. A schedule of operations for
  - a. Seasonal property-Measuring and Listing
  - b. Commercial property-Measuring and Listing
  - c. Rural property-Measuring and Listing
  - d. Residential property-Measuring and Listing
  - e. Industrial property-Measuring and Listing
  - f. Development of Land Pricing Schedules
  - g. Development of Cost Schedules
  - h. Development of Personal Property Pricing Schedules
  - i. Pricing of land
  - j. Pricing of buildings
  - k. Informal hearing
  - l. Review and adjustment
  - m. Review and appraisal
  - n. Assessor training
4. Project completion date

B. It is recognized that the plan of operation may require alteration from time to time and the assessor(s) shall not unreasonably require strict adherence to the plan, however, any change in starting date or completion date must be requested in writing by the company and must be approved in writing by the assessor(s).

C. The assessor(s) may grant an extension of the completion date not to exceed thirty (30) days to conclude any additional work necessitated under the terms herein specified with respect to alterations, additions, subdivisions, where circumstances beyond the company's control, and not due to its own acts or omissions, tend to delay completion of the project. Such extension shall only be made after submission of a written request by the company stating the reasons for such extension request.

D. The company shall cooperate in maintaining good public relations throughout the period of the contract. The company shall provide assistance to the assessor in conducting a program of public information to include meeting with citizens groups and the drafting of media releases with regard to the purposes of the revaluation, methods used and reports of

progress for the purpose of developing understanding of, and support for, the equalization program and sound assessment administration.

8. Liquidated Damages for Delay in Completion of Work

A. Failure to complete all work as provided herein on or before the specified dates shall be cause for payment of liquidated damages by the company, on demand by the assessor(s) or municipal officers in the amount of one hundred dollars (\$100.00) for each working day that the work remains uncompleted after said date. Any liquidated damages may be deducted from the contract sum owed the company.

9. The company shall submit a monthly report form to the assessor(s) or municipal officers for approval.

Provisions for the report form should include:

A. The percentage relationship of all work thus far completed to the total contract.

B. The total of payment previously made.

C. The payment requested for the month.

D. The total payment request to date.

10. The assessor(s) or municipal officers may use the monthly report form as a basis for payment, but is not compelled to make payments as requested in the report form.

11. The assessor(s) or municipal officers may require the company to submit substantiating production reports from the job supervisor prior to making payments on the contract.

12. The assessor(s) or municipal officers are required to make timely payments on the contract equal to 80% of the contract amount represented by work completed during the month as finally determined by them.

13. The town shall retain 20% of the total contract price until all work has been completed including hearings and adjustment reviews, until all products to be supplied by the company have been presented to the town and until the assessor(s) or municipal officers are satisfied that the project has been completed satisfactorily as per these specifications except for the defense of values at Boards of Review, County Commissioners or Superior Court.

14. Office Space

\_\_\_\_\_ (Municipality) shall provide office space together with necessary tables and chairs in the \_\_\_\_\_ (Location), for use of the company's staff working on this project, which is satisfactory to the company.

15. Equipment and Supplies

The company shall provide all equipment and supplies at the company's expense except as otherwise provided herein.

A. The company will provide new 8½" x 11" field record cards for its work which will set forth, in form satisfactory to the assessor(s), space for all items of information in connection with the construction, age, condition and depreciation, an outline sketch, pricing data, and

other pertinent information relative to the buildings and land valuation.

B. All property record cards will be completed in pencil except for owner's name, property address and parcel identification number, which will be typed.

C. The cards shall be indexed and filed by map reference numbers and a, "fire safe," steel file to accommodate the records shall be furnished by the company.

D. The company shall provide in addition to the necessary completed property field cards, as required herein, a sufficient supply of incomplete property field cards in a form approved by the assessor(s) for use by the town.

E. A (microfilm/computer) record of all property cards shall be made by the company and turned over to the assessor(s) upon completion of the contract.

F. A second set of 5" x 8" cards to be provided by the \_\_\_\_\_, identifying ownership, map reference and land classification, shall be completed by the appraisal company by filling in the assessed values for the previous year and the new appraised values and shall be turned over to the assessors filed in alphabetical order. The entries on these cards shall be in ink or typed.

G. The municipality shall furnish on request of the company, two (2) complete sets of the assessor's maps, if available, one for the purpose of developing land values and one for fieldwork.

16. The company shall submit the grading system and specifications of construction for the various grades, which will be used on this project to the assessor(s) for approval.

17. The company will conduct a market data study for \_\_\_\_\_ (Municipality) which will include but not be limited to:

A. A land value analysis using current and (2) prior years land sales.

B. A developed parcel analysis using current and (2) prior years sales.

18. Using the Market Data Study the company shall develop:

A. Cost Schedules

B. Land Pricing Schedules

C. Depreciation Schedules

All schedules shall be approved by the assessor(s).

19. The assessor(s) shall cooperate with the company by providing from municipal records:

A. All available building permit information

B. All available zoning information

C. All available ownership records

D. All available land classification information

- E. All available sales data
  - F. Existing property record cards (shall) (shall not) be made available to the company.
  - G. Prior assessed values (shall) (shall not) be made available to the company.
20. The assessor(s) may appoint a land value analysis committee composed of local real estate brokers, bankers and appraisers to assist in land value analysis. Any expense of such committee shall be borne by \_\_\_\_\_ (Municipality).
  21. The cost schedules to be developed by the company shall provide for all types of real estate and personal property appraised as deemed appropriate by the assessor(s).
  22. The land value schedules to be developed by the company shall include any or all of those listed below, when appropriate as determined by the assessor(s):
    - A. Front foot pricing schedules
    - B. Square foot pricing schedules
    - C. Acreage pricing schedules
    - D. Woodland pricing schedules
    - E. Farmland pricing schedules
    - F. Depth factor tables
    - G. Excess frontage tables
    - H. Excess acreage tables
    - I. Additional road frontage tables
    - J. Fractional acreage pricing tables
    - K. Irregular shaped lot pricing formulas
    - L. Merge line formulas
    - M. Undeveloped lot discount formula
    - N. Site improvement schedules - Paving - Lighting - Drainage - Bumpers – Striping
  23. Building Valuation, General
    - A. Buildings shall be measured, sketched to scale with the frontage toward the bottom and recorded by competent parts such as foundation, number of stories, basement area, wall construction, insulation, roof, floors, interior finish, heating system, fireplaces and stacks, plumbing fixtures, tiling, number of rooms, age (when obtainable), condition, physical, functional and obsolescence depreciation, appreciation (where applicable), rent, sales data, quality of construction, lighting, design, framing and data on sales.
    - B. The company shall make a careful and current investigation and study of materials in various quantities and qualities from local material dealers, the wage scale for various

building construction trades, the labor efficiency for the several trades and on various classes of work, the local architects and engineering fees, and the local contractors overhead charges and profits for the purpose of obtaining and analyzing unit construction costs for all material and fixed equipment entering into the construction of all types of residential, commercial and industrial buildings, structures and improvements, which will reflect the average cost of materials in place, in various grades of buildings, structures and improvements ranging from cheap to high quality construction.

C. The construction costs shall be applied to the known cost of construction to test their accuracy in a manner acceptable to the assessor(s).

D. The construction costs shall be broken down into square foot units for the various kinds, types and qualities of construction and applied to same.

E. All income property shall be capitalized as a check against replacement value and a measure of depreciation.

#### 24. Residential Building Valuation.

A. The interior and exterior of all buildings shall be physically inspected. Main building(s) shall be sketched along with detached garages. Photographs of the building are (required) (not required).

B. Where occupants are not present on the first call a suitable card notice shall be left to call for an appointment.

C. Where occupants are not present on the second call the assessor(s) shall be so notified and attempt to arrange for an interior inspection.

D. Where admittance cannot be arranged the company shall estimate the value of the building based on the best available information and note this fact on the property card.

#### 25. Rural Building Valuation

A. All farm buildings shall be measured and priced from the appropriate schedules.

B. All detached farm buildings in excess of 1,500 square feet or any detached building having a horizontal dimension in excess of 40 feet shall be independently sketched, listed, graded, priced and field inspected.

C. Owners or tenants of farms shall be asked, by the company, to furnish information with regard to the purchase price, income and other pertinent data of their particular farm relative to value.

#### 26. Commercial and Special Purpose Buildings Valuation

A. The company shall follow the same procedure for commercial and special purpose buildings as in the case of houses and the same record kept with respect to the component parts thereof, as in the case of residences, with the application of the appropriate pricing and depreciation schedules.

B. All commercial property owners and tenants shall be requested, in writing, forwarded by certified mail (return receipt requested), to provide a copy of the most current balance sheet and profit and loss statement pertinent to the property to be valued.

- C. All commercial property, when practical, shall be valued by the accepted three major approaches - market, replacement cost, and income.
- D. All computations on commercial property shall be given to the assessor(s) and become the property of the municipality.
- E. Where sufficient data is not available to accomplish the three approaches to value the company shall, in writing, so advise the assessor(s) setting forth the reasons why.
- F. Shopping center buildings shall be sketched to scale in their entirety showing each leased area with the respective square footage.
- G. Where a commercial building accommodates lessees, the leased area of each shall be ascertained by the company and recorded on the property card by name and area.

27. Industrial Plants and Public Utilities Valuation

- A. Industrial Plants: The appraisal company shall provide plot plans of industrial properties showing buildings to scale in their proper locations. The buildings shall be described by details of construction and priced at current reproduction cost less allowance for condition, and functional and economic utility. Appraised value shall be the representative current value in use considering the purpose for which each building and the plant is being used or is useful. The company shall prepare individual reports, typed, summarized and bound in a separate folder for each industrial plant. These reports shall include records of land factors and value computations, yard facilities and improvements and their appraised value as well as building information and value.
- B. Where there is uncertainty as to whether or not a building is industrial the assessor(s) shall make the final determination.
- C. Public utilities shall be valued in the same detail as industrial properties and priced as reproduction cost less appropriate depreciation.
- D. Utility companies shall be requested, by the company, in writing, certified mail, return receipt requested, to furnish statements of costs, age, economic factors and any other pertinent information necessary to property valuation.

28. All Other Real Estate Properties

All properties of every nature classified as real estate under the laws of the State of Maine shall be appraised and classified according to value and utility as for other properties.

29. Fixed Machinery and Equipment as Real Estate

All fixed machinery and equipment serving a building and taxable as real estate shall be listed within that building, but priced separately.

30. Personal Property.

- A. The appraisal company shall provide a brief description of all personal property appraised. The company shall appraise and total separately each class or kind of personal property. The company shall make an examination of the property involved, sufficiently detailed to ascertain the reasonableness of the information provided. Where records or statements are of little assistance the company shall list and value major items of property individually. Minor, or group items may be combined, listed and valued in a total value for

the group or kind. A major item is here considered as a unit, machine or item of equipment for which the current value is \$500 or more.

B. The company shall furnish personal property record cards in a form acceptable to the assessor.

C. All personal property shall be valued in accordance with accepted standards established by Maine Statute and the Bureau of Revenue Services. Where a question arises as to value and/or method(s) of valuation the assessor(s) shall make the final determination.

### 31. Guarantee of Inspection

The company shall guarantee to make a careful inspection of the interior of at least 95% of all property, excluding those wherein the owner refused permission to inspect.

### 32. Review of Property Valuations

Upon request of the assessor(s) or municipal officers and in their sole and exclusive judgment, the company shall review field and office computations to adjust for any factors which may have a direct bearing on the market value of any property.

### 33. Assessment Manual

A. The company shall prepare a loose leaf assessment manual titled "Assessment Manual, \_\_\_\_\_ (Municipality) which is satisfactory to the assessor(s) and which contains procedures and standards, as well as classifications for all types of land and all types of buildings, for the continuing control of equalized property assessments in subsequent years.

B. Delivery of two (2) "Assessment Manual, \_\_\_\_\_ (Municipality) to the assessor's office of \_\_\_\_\_ (Municipality) at least sixty (60) days prior to completion of the contract.

### 34. Collaboration with Assessor(s)

A. The company shall cooperate fully with the assessor(s) in connection with the project by furnishing to the assessor(s) full information concerning the appraisals and valuations, method used and procedures followed.

B. The company shall submit work periodically for approval of the assessor(s).

### 35. Records, etc.

All records, computations, maps, manuals, cards, microfilm, computer discs, photographs, schedules, tables, reports, etc. of the company in respect to any work under the project shall be left in custody of and become the property of \_\_\_\_\_ (Municipality)

### 36. Final Review

A. The company shall conduct a final review and inspection of property to account and adjust for factors which may have a direct bearing on the market value or equitable relationship to other properties, such as location, obsolescence, architectural qualities, desirability and resale value.

B. The company shall deliver to the assessor(s), within fifteen (15) days after the completion date, all data used in establishing unit land values, all property record cards by map and lot sequence and all other records relative to the project, including but not limited to notices of valuation changes and hearing applications.

C. The company shall submit as part of the summary sales ratio studies for each class of taxable property to ascertain the effectiveness of the project.

D. The company shall verify the sales ratio on final delivery and co-efficient of dispersion, such ratio and co-efficient shall be computed in the manner suggested by the Bureau of Revenue Services, State of Maine.

E. After completion of the revaluation program, the company will conduct a sales ratio study using sales data for the 6 months succeeding the assessment date for implementing the revaluation.

F. 20% of the contract price will be withheld until this is performed. If the resulting ratio and co-efficient do not meet statutory standards, the municipality will retain the 20%.

#### 38. Notice to Property Owners

A. The company, at its expense, shall advise each property owner, by mail, of the valuation of all rural and personal property in the municipality on a form approved by the assessor(s).

B. The company, at its expense, shall advise each property owner, by mail, of hearing dates and procedures for filing on a form approved by the assessor(s).

#### 39. Informal Hearings

A. The company shall, upon written request and in cooperation with the assessor(s), arrange informal meetings between property owners and a representative of the company for the purpose of discussing values and to make comparisons with similar or neighboring properties.

B. Informal hearings shall be by individual appointment and where practical shall be held at the \_\_\_\_\_(Municipality) Municipal Office.

C. The assessor(s) or his designated representative shall attend all hearings.

#### 40. Support and Defense of Values

A. The company agrees that its Chief Appraiser in charge of the \_\_\_\_\_(Municipality) project, or equally qualified individual, shall be present and available at the direction of the assessor(s) for the period of time necessary to assist the assessor(s) in considering complaints and to assist the assessor(s) in explaining the basis of the revaluation to property owners.

B. The company agrees that its Chief Appraiser in charge of the \_\_\_\_\_(Municipality) project, or equally qualified individual, shall be present at any hearing of local, county and/or state body of assessment appeals following completion of the project and to defend the values.

C. In the event of any appeal to the courts, the Chief Appraiser in charge of the \_\_\_\_\_(Municipality) project, or equally qualified individual, will be present at the hearing to testify as a witness, to outline the steps taken and give his opinion of the value of the property which has been or is the subject of appeal.

D. The company agrees to assume all costs for services rendered by it in connection with any and all hearings, reviews and/or court actions as required under the provisions contained herein provided the filing of such hearing, review and/or court action is commenced within one (1) year after the current commitment date representing the values resulting from the contract.

#### 41. Final Decisions

It is specifically understood and agreed that all final decisions as to assessed valuation, procedures followed and forms used in the project shall be made by the assessor(s).

#### 42. Arbitration

All questions in dispute under the project and/or contract may be submitted to arbitration on agreement of the municipality and company.

A. The municipality shall name one arbitrator at its expense.

B. The company shall name one arbitrator at its expense.

C. The municipality and company together shall name a third arbitrator.

D. The third arbitrator shall be appointed by a Resident Justice of the Supreme Judicial Court when the municipality and company cannot agree.

E. The cost of the third arbitrator shall be shared equally by the municipality and company.

#### 43. Contract

A. The municipality and company shall enter into a formal contract to be drawn by the municipality, and all papers of the proposal, shall be considered as an integral and inseparable part of said contract as if all the contents thereof were copied into said contract.

B. The company shall neither assign nor subcontract the work required by the contract or any part thereof without the expressed written consent of the municipality.

C. Changes in the contract will be permitted only upon written mutual agreement of the municipality and the company.

#### 44. Project Objective

A. It is specifically understood and agreed that in the fixing of just or assessed values of properties within \_\_\_\_\_(Municipality) the assessor(s) of \_\_\_\_\_(Municipality) shall exercise full and final judgment and that all appraisal and revaluation services performed by the company shall always be in an advisory capacity to the assessor(s) for the express purpose of furnishing information to the assessor(s) of the municipality to enable said assessor(s) to arrive at a fair and just value of all property within \_\_\_\_\_(Municipality).

B. The company agrees that, if necessary and required to do so, by the assessor(s) of \_\_\_\_\_ (Municipality), it will permit its employees to be appointed and sworn as assistant assessors and any compensation paid by the municipality directly to such assistant assessors shall be deducted from the principal sum due the company as provided herein.

#### 45. Additional Requirements

The municipality reserves the right to specify additional requirements for inclusion in the final agreement with the company.

NOTE: This bulletin is intended solely as advice to assist persons in determining, exercising or complying with their legal rights, duties or privileges. If further information is needed contact the Property Tax Division of Maine Revenue Services.

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