

Weighing Pros & Cons of Regionalized Assessing

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In recent years, local tax assessors have been more in the limelight than perhaps they've wanted to be. Two unsuccessful statewide referendum questions to cap taxes, and the successful MMA-sponsored question to provide tax relief through greater state school funding, have elevated property tax issues to the top of the policy agenda.

Meanwhile, controversies over reassessments in major cities such as Portland, Lewiston and Auburn have dominated front pages for weeks on end. The sensitivities of taxpayers to their annual or semi-annual tax bills, and the efforts of state and local officials to do something about them, have created much debate, but so far, not much resolution.

Municipal assessors are keenly aware of the issues, and they've also begun discussing what to do about them. One approach, last considered seriously in the 1970s, would be to go to a more regionalized system of assessing, with the aim of improving professionalism and public understanding, and – possibly – saving some money for taxpayers.

Barry Tibbetts, town manager of Kennebunk and a former assessor himself, represents municipalities on the Intergovernmental Advisory Commission, or IAC – a legislatively appointed task force that was an outgrowth of the 2004 Select Committee on Regionalization.

While the regional assessing concept has not yet produced any recommendations from the IAC, Tibbetts says he at least has come up with prerequisites necessary for a regional system to work.

“First of all, we have to be working from the same data, and have a way to make meaningful comparisons from town to town,” he said. At the moment, assessing systems vary from the latest GIS-produced data via satellite to the good old pencil, paper and calculator combination that Douglas Guy, assessor in Machias, calls the “Maine State method” of property tax assessment.

When Tibbetts was first working as an assessor in the early 1990s, he covered two medium-sized Cumberland County towns that had “totally different systems,” as he recalls it. “You wouldn't have saved any money at all by combining those jobs,” he said. “You could have one person doing the work, but there were no efficiencies at all in the process.”

That situation seems to be more the rule than the exception. Doug Guy has, in fact, become something of a regional assessor himself. He has a contract as the appointed assessor in Machias, and is one of three elected assessors in

Marshfield, where he lives. Since 1997 he has picked up contracts for at least eight other towns in Washington County, including Perry, Whiting, Jonesboro, Cherryfield, Deblois, Pembroke, Beddington – “and Meddybemps. Let’s not forget Meddybemps,” he said.

The reason Guy has been able to take on assessing chores for all these diverse communities, ranging in population from 159 to 2,302, is that (except for Machias) he’s been able to use the same software program for each of them (in Machias it’s still pencil and paper). Called TRIO, Guy finds the computer program easy to use because of his real estate appraisal experience, and taxpayers seem to like it too. “When someone comes in and asks about why one part of his assessment is where it is, you can break down the totals and focus in on all the components. And if he asks about Joe Jones’s house down the street, we can do the same thing for that property.”

Not A ‘Slam Dunk’

Lacking such common tools, Barry Tibbetts says, any move toward regional assessing won’t get very far. There are other ingredients he would add to the equation. He would ask the state to “tighten up” the definition of charitable organizations eligible for tax exemptions – a longstanding MMA goal that has prompted several unsuccessful legislative proposals in years past. “At this point, the definition is so loose that different towns are making very different interpretations,” Tibbetts said. Without a clear standard, towns wouldn’t be able to agree on who gets taxed and who doesn’t, he said.

A third, and particularly ambitious, prerequisite would be for the state to require towns to revalue property on a set schedule. Tibbetts would favor doing so at least once every three years. As he points out, some towns revalue annually; others haven’t done so in many years. Voters in Kennebunkport have repeatedly turned down articles to authorize a townwide revaluation, with the result that values have slipped below 40 percent, even though the state requires municipalities to value properties at no less than 70 percent.

Tibbetts’ idea would cut through the local decision-making for when and where to revalue and impose a three-year limit for everyone.

“It could work,” observed Anne Gregory, the assessor in Falmouth. “If you started in 2007, everyone would be on the same page by 2009.”

If all those conditions were achieved, and only then, Tibbetts said the stage would be set for consideration of how regional assessing could be done, and for whom it would make the most sense.

Bob Whiteley, assessor in Belfast for the past 14 years, has been doing property tax appraisal work for 36 years, for the towns of Camden, Kennebunk, Kennebunkport and, extensively, as a consultant for other towns.

He points to an ambitious proposal from the 1970s that would have created a regional assessing system in Maine in an era when government innovation was much more popular than it has been recently.

The bill, which was hotly debated by the Legislature, was sponsored by David Emery, later a 1st District congressman but then an up-and-coming and “forward thinking” young legislator, as Whiteley recalls. Some of the definitions and requirements from the omnibus bill were adopted by the Legislature – including the 70 percent rule – but the main thrust, to remove the assessing function from municipalities and vest it with “primary assessing districts”, proved unpopular and was soundly defeated.

“I guess you could say the bill was ahead of its time,” Whiteley said. “And I’m not sure it would pass today.”

As a philosophical proposition, he said, “I don’t believe that bigger is better, and I tend to believe that smaller is better.” He counts himself among those who favor local control, where it works.

Still, he thinks a review of options is essential. “We can’t keep going the way we have. Something has to be done.”

For starters, Whiteley would revamp the system of state valuations. While careful not to criticize MRS’ property tax division – “They’re doing the best job they can, and they try to be fair” – he thinks there are too many discrepancies between state and local practices, with consequent misunderstanding and disputes among taxpayers, the state, county review boards, and municipalities. Beefing up the property division staff would help, he said, though he concedes that’s unlikely to happen without a major legislative push.

Private Sector Involvement

Taking a cautious view of regional assessing possibilities is another professional who can be described as taking on regional responsibilities himself: Bill Van Tuinen, who runs a small firm of the same name in Madison, with that town and nearby Skowhegan as his oldest customers. At any given time, he might, with several employees, be working with six to eight additional municipalities on revaluations.

The private sector has increasingly been called on to do revaluations as the scope and complexity of the job has increased. Van Tuinen himself has become an expert on paper mills – Madison and Skowhegan have two of the biggest mills remaining in Maine – and mills have become particularly difficult to appraise. “There are few sales, and thus very few comparable properties,” he said. “You have to use other methods of comparison, and then work to bring them together into reasonable numbers.”

Van Tuinen has been running his own firm since 1983, when the appraisal company he was working for went out of business, and he's noticed that in recent years out-of-state firms have been active in the Maine municipal market. CLT (owned by Tyler Technologies) and Vision Appraisal out of Massachusetts are two firms that have done several townwide reassessments in Maine. Van Tuinen believes it's not so much a matter of them seeking out the business as the demand by Maine communities for the service. In recent years, towns have had to wait two or three years, in some cases, before a contracted reassessment is carried out.

While the cooling residential real estate market may eventually slow things down, Van Tuinen says he hasn't seen any sign of it so far. "We're fully booked for 2007," he said. "And 2008 is looking pretty full as well."

With demand for reassessment services running ahead of supply, could there not be a push for towns collaborating to perform the service themselves? Van Tuinen isn't sure. "There are so many differences between the way towns do this, and how they see themselves," he said. "There is always the possibility of an interlocal agreement, but many times the differences are hard to work out."

Take It Slow

Aside from the question of whether regional assessments could happen there are the prospects of when it could occur and how much it could save. Even though his ideas might appear to be advanced, Barry Tibbetts isn't in favor of a rush to regionalism. "Fast change doesn't necessarily have good outcomes," he said. "Change that's effective and good takes time to develop."

That said, he does think regional assessing is, generally, a good idea. "It's a service that everybody has to do, under the same laws." Anne Gregory from Falmouth agrees. "We all (assessors) have the same training, and could probably work for any community in Maine."

Bob Whiteley observes that "New England is the only place where municipalities do the assessing. Everywhere else the counties have the job."

Tibbetts draws a contrast with other municipal functions that he thinks are less likely to respond to a regional approach – the distribution of welfare benefits, for instance. "A town welfare director is much more likely to know who needs benefits and who's just going from town to town to collect. Local knowledge really does make a difference," he said. "A county director, however well-qualified, wouldn't have that knowledge."

So why would a town consider regional assessing? To acquire regular professional help, for one thing. "Some towns don't think they need a professional assessor on staff," Gregory said. "They see the annual appropriation of \$16,000 and figure they're getting a good deal. But when it comes to doing a

reevaluation, that might cost \$200,000, suddenly it doesn't seem like such a good deal."

In Falmouth, as in other towns she's worked in, "We're always doing reassessment work, updating a certain type of property or a particular part of town. Then, when the reevaluation year comes along, we're ready. We've done our homework."

Still, Gregory is skeptical about whether towns would see any savings up front. "Offices in southern Maine are pretty busy right now. We're really under-staffed for the work we're doing." When things ease off, in a few years, towns might benefit from sharing personnel as the workload diminishes, she said.

Tibbetts points out that the cost of new equipment and for training staff in new systems is likely to require a significant investment with payback only over time – investments few towns are probably willing to make right now. Grants through the state's Fund for the Efficient Delivery of Municipal Services could be an important factor.

A grant has already been awarded to Cumberland County, which is studying the feasibility of including some or all of its municipalities in a regional system. Four northern Cumberland towns took a look at regional assessing in 2002 and again in 2004 without making such a move.

The promise of regional assessing – really, the standard everywhere else in the country – is certainly there, with the employment of standardized tools and satellite imagery that could even detect the start of construction projects at homes and businesses. But people really have to remember that assessing is still an art, and not an exact science, the assessors say.

"If we're being honest, and we try to be, we all know that these are estimates," said Doug Guy. "At any given time, we can't know exactly what a property is worth, and what some new buyer would pay for it. All we can do is provide the best and fairest figure with the knowledge we have, recognizing that some other assessor might come up with a different one."

And do the taxpayers understand? "Most of them do," he said. "Most of them will ask questions, but they're polite. Every now and then you get someone who just won't accept that what they think the value of their property is, might not be the right value."