

The 2023 property tax bills were received by Caribou property owners this week. This has generated a lot of calls to the office. Some of the frequently asked questions are:

If the tax rate went down, why did my bill go up?

The 2023 Tax Rate is .01950 or 19.5 mil. Even though the amount to be raised for the municipal budget, RSU#39 appropriation and Aroostook County tax bill were all increased for 2023, the 2023 tax rate is lower because property values were adjusted based on recent sales in Caribou.

This was passed by a majority of the Caribou City Council and was not unanimously approved.

Did the whole City of Caribou experience an increase in valuation?

Yes. These adjustments were not aimed at a particular neighborhood or part of the city. That said, the data was clear that the nicer quality construction did need to go up more than the lower quality construction. That inequity was addressed in the adjustments that were made, resulting in a more equitable apportionment of the tax burden.

My neighbors' house is very similar so why did my tax bill go up and theirs remained exactly the same as last year?

If the tax amount due was exactly the same as last year, your neighbors may have had their taxes stabilized through the State of Maine Senior Property Tax Stabilization program. The tax bill for stabilized accounts has the calculated amount of taxes and the stabilized amount. The State of Maine will pay the difference between the calculated amount and stabilized amount. This was a one-year program.

Why did my Homestead Exemption increase?

The 2023 Certified Ratio is 124%. Last year the certified ratio was 95% so we were required to factor exemptions by 95% so they were less than the full state value of Homestead \$25,000, Veteran \$6,000, Blind \$4,000. The sales that Maine Revenue Service uses as the basis for 2023 State Valuation took place between July 1, 2020 to June 30, 2021. With no adjustments to property values, the 2023 certified ratio would have been 88%. Instead of making a 1-year adjustment, the decision was made to look at all sales through April 1, 2023 and adjust according to that trend. This resulted in a ratio of 113% for those sales from July 1, 2020 to June 30, 2021. The State of Maine allows a 10% above or below the ratio so the decision was made to certify at 124% to give our taxpayers the highest possible exemption amount (and the highest reimbursement from the state). The amount of the exemptions for 2023 in Caribou are:

Homestead: \$31,000 Veteran: \$ 7,440 Blind: \$ 4,960

The State of Maine reimburses 76% of lost revenue from Homestead and 50% for Veteran & Blind.

Why did my business personal property tax bill increase?

The City of Caribou is required to adjust the value of business personal property by the same certified ratio as real estate. In 2022, the certified ratio was 95% so the City was required to factor

all business personal property – including all BETE exempt property by 95%. The 2023 Certified Ratio is 124% so all business personal property was factored by 124%.

The state has a tax relief program to reimburse qualified businesses for the taxes paid on qualified business equipment. It is called the Business Equipment Tax Reimbursement (BETR) program and runs from August 1 to December 31 the year after the tax was assessed. For more information, please visit the State of Maine website:

<https://www.maine.gov/revenue/taxes/tax-relief-credits-programs/property-tax-relief-programs/business-equipment-tax-programs>

Was this a revaluation?

This project was not a full measure and list revaluation where each house was visited, and all construction measured and assessed for quality and condition. The last time that was done was in 2012, so there is a possibility that some homes may have fallen into disrepair over the past 11 years, while others may have improved in condition. When the last revaluation was done in 2012, one advantage was that market adjustments could be done without a full revaluation. The 2012 revaluation cost \$324,500 and took two years. Almost every municipality in Maine is doing or planning to do a market adjustment or revaluation and we are fortunate that this update could be accomplished without a costly revaluation.

Why did the City of Caribou undergo a market adjustment at this time?

The market adjustments were based on real estate market conditions July 1, 2021, through June 30, 2022. That is the period covered during the most recent State Valuation audit done by representatives of Maine Revenue Services. Their audit showed the City of Caribou tax assessments at just 72% of market value. Legally, the City of Caribou cannot go below 70% of market value on their assessments. The city was dangerously close to that, and looking at the data post-June 30, 2022, there is no doubt that had adjustments not been made, the City of Caribou would drop below the 70% legal threshold in the next audit cycle. Additionally, this drop in ratio would have a negative effect on those folks receiving the homestead, veteran, or blind exemptions, as those exemptions would have needed to be factored by the ratio arrived at by Maine Revenue Services. The City of Caribou also would have forfeited reimbursement revenue from the Business Equipment Tax Exemption (BETE) program had the adjustments not been made.

What are my appeal options?

The Caribou Board of Assessors determines if an abatement is approved. There is abatement information available online:

<https://www.cariboumaine.org/wp-content/uploads/2023/08/2023-CITY-OF-CARIBOU-ABATEMENT-PACKET.pdf>

The assessors' agent for real estate will be in the area September 11 & 12 if you would like to have your property reviewed prior to making an appeal to the Board of Assessors. Please contact the assessor's office for Joe's contact information.