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January 27, 2025

Senator Nicole Grohoski, Co-Chair  
Representative Kristen Cloutier, Co-Chair  
Joint Standing Committee on Taxation  
100 State House Station  
Augusta, ME 04333-0100

Dear Committee Co-Chairs:

Pursuant to 36 M.R.S. § 208-A(6), I have enclosed the annual report regarding the review of requests from municipalities for adjustments of equalized valuation during fiscal year 2024. Please feel free to contact me if you have any questions about this report.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Jerome D. Gerard', with a large flourish on the left side.

Jerome D. Gerard

Enclosure

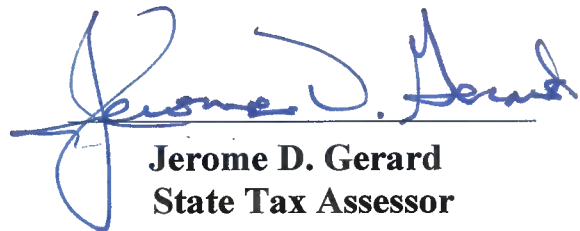
cc: Members of the Joint Standing Committee on Taxation  
Kirsten LC Figueroa, DAFS Commissioner



**Review of Requests for Adjustment of Equalized  
Valuation During Fiscal Year 2024**

**A Report Prepared for the  
Joint Standing Committee on Taxation  
Pursuant to 36 M.R.S. § 208-A(6)**

**Department of Administrative and Financial Services  
Maine Revenue Services**



**Jerome D. Gerard  
State Tax Assessor**

**January 27, 2025**

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## **I. Introduction**

Every year, Maine Revenue Services (“MRS”) calculates the “just value” of all taxable property in the state. This information is used to determine state valuation, which is then reported by MRS to the Secretary of State. The state valuation report is used to determine the amount of state payments to municipalities under the municipal revenue sharing and education funding requirements. The state payment amounts for revenue sharing are calculated using the most recently certified state valuation for the following fiscal year. State payments for education subsidy are calculated using an average of the three most recent certified state valuations prior to the most recently certified state valuation.

Occasionally, a municipality experiences a significant, unpredictable loss in its overall property value. If this loss is due to an event involving a single taxpayer, such as a business closing or losing part of its operations after a natural disaster, state law provides that the municipality may be eligible for an immediate adjustment to lower its state valuation amount, thereby resulting in some monetary assistance from the state through increased municipal revenue sharing and education funding starting in the following fiscal year.

36 M.R.S. § 208-A(6) requires that the State Tax Assessor provide an annual report to the Joint Standing Committee on Taxation identifying the requests for state valuation adjustment from each municipality during the prior year and the State Tax Assessor’s determination regarding each request. The report also must list the amounts of any payments made by the Commissioner of Education under 36 M.R.S. § 208-A(5)(A). This report pertains to those municipalities that filed claims during fiscal year 2024.

## **II. Adjustment for Sudden and Severe Disruption of Valuation Overview**

36 M.R.S. § 208-A(1) provides in part that “[a] municipality requesting an adjustment under this section must file a petition, with supporting documentation, with the State Tax Assessor by March 31st of the year following the tax year in which the sudden and severe disruption occurred and indicate the time period for which adjustments to distributions are requested.” Further, 36 M.R.S. § 208-A(2) clarifies the following:

A municipality experiences a sudden and severe disruption in its municipal valuation if:

- A. The municipality experiences a net reduction in equalized municipal valuation of at least 2% from the equalized municipal valuation that would apply without adjustment under this section;
- B. The net reduction in equalized municipal valuation is attributable to the cessation of business operations, removal, functional or economic obsolescence not due to short-term market volatility, or destruction of or damage to property resulting from disaster attributable to a single taxpayer that occurred in or was not reasonably determinable until the prior tax year; and
- C. The municipality’s equalized tax rate of residential property following the sudden and severe disruption in municipal valuation exceeds the most recent state average of residential property for which data is available.

For purposes of this subsection, “removal” does not include property that was present in the municipality for less than 24 months. This subsection does not apply to property acquired by a municipality that otherwise could seek relief pursuant to this section.

36 M.R.S. § 208-A(3)(C) further provides that:

If the State Tax Assessor determines that a municipality qualifies for an adjustment under this section, the State Tax Assessor shall calculate the amount of the adjustment for the municipality by determining the amount by which the state valuation determined under section 208 would be reduced as a result of the net sudden and severe disruption of equalized municipal valuation for the state valuations to be used in the next fiscal year by the Commissioner of Education and the Treasurer of State. The State Tax Assessor shall adjust subsequent state valuations until such time as the state valuation recognizes the loss. The State Tax Assessor may limit the time period or amount of adjustment to reflect the circumstances of the sudden and severe loss of valuation.

Finally, 36 M.R.S. § 208-A(4)(B) specifies that if a request for an adjustment is denied in whole or in part, the State Tax Assessor must send written notification to the municipality and, within 30 days of notifying the municipality, provide the Joint Standing Committee on Taxation with a copy of the notification.<sup>1</sup>

### III. Sudden and Severe Disruption Filings During Fiscal Year 2024

The following table lists the specific information required to be reported pursuant to 36 M.R.S. § 208-A(6):

#### **FY2024 REQUESTS FOR ADJUSTMENT OF EQUALIZED VALUATION UNDER 36 M.R.S. § 208-A**

| <b>Date Request for Adjustment Received</b> | <b>Municipality</b> | <b>Taxpayer Listed in Adjustment Petition</b> | <b>State Tax Assessor’s Determination</b> | <b>Payments Made by the Commissioner of Education under subsection 5(A)<sup>2</sup></b> |
|---|---------------------|---|---|---|
| 9/11/2023                                   | Jay                 | Pixelle Specialty Solutions                   | Request Granted                           | N/A   |

<sup>1</sup> The State Tax Assessor’s written determination constitutes final agency action that is subject to review by the Superior Court per 36 M.R.S. § 208-A(4)(A).

<sup>2</sup> For property tax years beginning on or after April 1, 2013, 36 M.R.S. § 208-A(5)(A) no longer requires the Commissioner of Education to make a payment to the municipality for the current fiscal year. P. L. 2013, ch. 368. (See chapter 368, section O-11, for retroactive application to property tax years beginning on or after April 1, 2013).