

# Frequently Asked Questions

## Homeowner's guide to property tax bills

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### **What is a property tax bill and why do I receive one?**

A property tax bill is a bill based on the total assessed value of your property (land and or buildings less any exemptions). Your total assessed value is then multiplied by the tax rate which creates your tax bill. Per the State of Maine Constitution, all real estate and personal property located within the State of Maine is subject to taxation unless specifically exempted by a state statute. Every year, all tax bills are mailed to the last known owner of record as of April 1st.

Currently Westbrook's bill due dates are due in August, November, February, and May.

### **What does my tax bill pay for?**

The following are just some of the many services funded through your yearly tax bill:

- Schools/Education
- Police, Fire & Rescue
- Road Repair
- Public Works
- Parks & Recreation
- City Hall Services
- Library
- County Services

### **When is property assessed?**

According to the Maine Constitution and State Law, property is assessed as of only one day a year; that day is April 1st.

### **The April 1st assessment date is used for 3 reasons:**

1. Sets Owner of record.
2. Sets Property Valuation Date.
3. Sets Taxable Status for all properties.

### **Assessments are based on fair market value by the following 3 methods:**

1. Comparison of sales prices of similar properties within your neighborhood (less foreclosures).
2. Property replacement value minus depreciation.
3. Income potential for income producing properties.

### **What is the property tax rate?**

The property tax rate (also known as a mil rate) is the amount per \$1,000 dollars of property value which is used to calculate your tax bill.

**Example:** If the tax rate is \$17.83 divided by \$1,000 and your property's value is \$200,000 then your tax bill would be \$3,566. ( $17.83/\$1,000 \times \$200,000 = \$3,566$ )

### **How is the tax rate calculated?**

The **tax rate** is calculated every year by taking the **Tax Levy** (municipal, school and county budgets combined less all revenues) and dividing it by the **Taxable Valuation** (all the City's taxable real estate and personal property combined). Aggregate of Budgets/ Aggregate of taxable value = tax rate.

$$\text{Tax Levy/Taxable Valuation} = \text{Tax Rate}$$

### **Who controls the budget and spending?**

1. The municipal and school budgets are approved and controlled by your elected City Council members.
2. The county budget is prepared by the county budget committee and controlled by the Cumberland County Commissioners. Each municipality within Cumberland County is allocated a percentage of the total county budget.

Once all budgets are passed, they are certified to the local Assessor to be used in calculating the yearly tax rate.

### **The Assessor is expected to:**

1. Assess property no less than 70% and no more than 110% of fair market value.
2. Assess all property fairly & equitably (ensure similar properties are treated the same way).
3. Assess the owner of record as of April 1<sup>st</sup> of each year.

- If you sold property after April 1st, please forward the tax bill to the new owner if you should get it. We will make every effort to send the tax bill to the new owner.
- If you purchased the property after April 1st, we will make every effort to send you the tax bill for each quarter.

### **The State of Maine provides property tax relief programs:**

1. Revenue Sharing (sent to the City to help lower the tax levy)
2. Property Tax Fairness Credit Filed with State Income Tax
3. Homestead Exemption
4. Veterans Exemption
5. Westbrook Senior Tax Assistance Program filed with the Finance Department

### **Westbrook has electronic bill payment available:**

The City of Westbrook has available an on-line feature for making real estate tax payments.

# Property ownership issues

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## Who gets the tax bill?

From time to time, confusion exists as to who actually should receive a property tax bill.

State of Maine law clearly states that each property must be assessed to the last known owner of record as of April 1st of each year.

Per city policy, we do not mail tax bills to banks, mortgage companies or any other third party. Our Tax Collector does produce electronic reports for mortgage holders who ask for billing information, but they do not get your bill.

If your taxes are paid by a mortgage company or other third party, you are responsible for forwarding the tax bill to them.

## What happens when I sell my home?

If the sale of a property occurs before April 1st, there should be no confusion as to the owner of record. The City of Westbrook will receive notice from the Registry of Deeds that the property has been sold and will receive the Transfer Tax form from the State usually within 60 days of closing. Once we have receipt of these notices, we will assess the new owner of the property. The owner of record will get their own tax bill for the ensuing year.

## What happens should the sale of a property occur after April 1st?

This is when things may get confusing. If you owned your home as of April 1st, we assess you for the entire tax bill. The assessment of these taxes in your name creates a liability. Therefore, it is very common (at the closing of a property sale) for the April 1st owner to request the new owner pro rate and pay the tax bill based on the city's fiscal year, since the new owner receives the benefit of home ownership balance of the fiscal year.

This proration of taxes has been going on for years and in most cases works fine. **A word of caution to the seller:** the agreement of proration of taxes is a civil contract and will not shift your liability to the new owner. The new owner's liability starts April 1st of the following year. If the current taxes are not paid, the Tax Collector must file a lien in the old owner's (seller's) name because they were the owner of record as of April 1st. Our Tax Collector will make every effort possible to notify both parties as to any past due taxes prior to the formal lien process.

It would be precautionary to make sure the new owner pays the taxes he or she agreed to in the civil contract. Remember - it is you, the seller, whose good credit is on the line!

## What is the difference between the tax year and the fiscal year?

### Tax Year:

The tax year is easy to understand as it is really one day, April 1st of each year. Maine law refers to this day as the tax year, but many other states call it the "tax date". This date (April 1st) is used for three primary reasons:

1. Sets the ownership of record date.
2. Sets the valuation date.

3. Sets the taxable status of property and if any exemptions apply.

**Fiscal Year:**

Westbrook's fiscal year runs from July 1 to June 30. These dates are important for many reasons, but what is most concerning to a property owner is: "How much is my tax bill and how is it calculated?"

The tax rate for Westbrook is set in July. The tax rate is the dollar amount per thousand of valuation. You can calculate your tax bill by multiplying the total taxable value of your property by the current tax rate. This is your tax liability for the fiscal year July 1 to June 30.

**EXAMPLE:**

(Note): The calculation formula below is for illustration purposes only. You will need to use the current tax rate and property value in order to calculate your correct tax bill amount.

Total Property Assessed Value:	\$200,000
Homestead Exemption Value:	\$- 25,000
Equals "Taxable" Assessed Value:	\$175,000
Taxable Assessed Value:	\$175,000
Example Tax Rate: $(\$18.30 / \$1000 = .01830)$	\$x.01783
Equals Tax bill amount:	\$3,120.25

Westbrook's budget is set each year by the City Council. Property taxes in Westbrook are billed in quarterly installments (due in August, November, February, May).

## Assessing personal property

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**What is personal property?** Personal property includes but is not limited to the following categories:

- **Machinery & Equipment:** Presses, tools, machining equipment, garage equipment, heavy-duty shelving and other machinery or manufacturing equipment, telephone equipment, vending machines, televisions, amusement apparatuses, typewriters, calculators, fax machines, copiers and other office items of this type, cargo trailers and any self propelled machinery that is not subject to excise tax.
- **Computer Equipment:** CPUs, monitors, servers, network wiring, printers and other computer equipment.
- **Furniture & Fixtures:** Business office furnishings such as desks, chairs, bookcases, file cabinets, tables, and sofas. This category also includes fixtures specific to a business

that may be attached to the real estate, but is generally removed when the business relocates.

- **Signs:** Any business advertisement sign.

The State of Maine provides two separate programs for business taxpayer's reference to personal property. Those programs are:

- BETE (Exemption) Program: Business Equipment Tax Exemption Program
- BETR (Reimbursement) Program: Business Equipment Tax Reimbursement Program

For more information regarding these programs, you may download the [BETE](#) & [BETR](#) program info, or you can visit the [State of Maine website](#).