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APPLICATION FOR ABATEMENT OF PROPERTY TAXES

(Title 36 MRS, Chapter 105, §841)

This application must be signed and filed with the municipal assessor(s). A separate application should be filed for each separately assessed parcel of real estate claimed to be overvalued.

1. Name of Applicant: Lawrence J Makovich & Aileen M Makovich
2. Mailing Address: 475 Cape Monday Road, Harrison ME
3. Property Address or Map/Lot: 13-0655
4. Telephone number for applicant: 781-354-1198
5. Tax year for which abatement is requested: 2025
6. Assessed valuation of real estate: \$ 1,365,800.00
7. Assessed valuation of personal property: _____
8. Abatement requested in real estate valuation: \$ 184,594.00
9. Abatement requested in personal property valuation: _____
10. Reasons for requesting abatement (please be specific, state grounds for belief that property is overvalued for tax purposes):
Reasons are provided in attached
6 page document

To the assessing authority of the Municipality of **HARRISON**

In accordance with the provisions of Title 36 MRS, Chapter 105, §841, I hereby make written application for abatement of property taxes as noted above. The above statements are correct to the best of my knowledge and belief.

September 18, 2025
Date

Lawrence J Makovich
Signature of Applicant
Aileen M Makovich

We are applying for an abatement because the assessment methodology is discriminatory.

The reason that my wife and I are requesting a property tax assessment abatement of \$184,594 is that the assessor for the Town of Harrison applied an arbitrary, non-market-based factor of 25 percent to adjust some land valuations, including our own, above the fair market value of a similar lot improved to accommodate a single-family dwelling. As a result, this valuation methodology created a discriminatory 2025 tax levy violating the principle that non-discriminatory property tax valuations require employing a data-driven real estate market-based assessment methodology.

In the previous tax year, the Cumberland County Board of Assessment Review ruled that the methodology employing the 1.25 lot valuation factor was “manifestly wrong” and “discriminatory.”

The 2025 valuation of our property is the same as it was in 2024, indicating that the same flawed methodology was employed to determine the 2025 assessment of our property at 475 Cape Monday Road (Map 0013, Lot 0055). In particular, the 2025 valuation reflects the application of the same 1.25 factor (described on the valuation reports as “Acres-Baselot Imp (Fract)”) to the estimate of the fair market price for an acre of improved land with similar non-structural features, including shorefront footage, land contours, along with septic and well improvements altogether multiplied by our fraction of an acre lot size. A March 28, 2025, letter from the Town of Harrison indicated that the valuation methodology employs the 1.25 factor whenever a property has “two dwelling units, quarters/garages or separate cottages.”

We applied to the Town of Harrison for an identical property tax abatement on November 8, 2024, for our 2024 tax bill. The Town of Harrison sent us a letter dated January 9, 2025, informing us that our 2024 abatement application was denied. We appealed to the Cumberland County Board of Assessment Review. My wife and I testified at a hearing on April 23, 2025, along with the property assessor Robert Gingras who testified on behalf of the Town of Harrison. The Board granted the \$184,594 abatement and sent an April 30, 2025 letter stating that, “The Board finds that the Taxpayer has proved that the assessed value was manifestly wrong: the Taxpayer provided persuasive evidence that the Assessor’s methodology resulted in unjust discrimination of the Taxpayer’s Property in comparison to similarly situated properties.”

The 1.25 lot valuation factor is at odds with evidence from the real estate marketplace.

It is logical to expect that real estate data will show that land with a greater degree of improvement is valued higher than land with less improvement—all else equal. Evidence from the real estate market indicates that—all else equal—lot valuations reflect the cost difference associated with the degree of improvement. For example, a property accommodating two dwelling units rather than one may require a greater degree of improvement, such as an expanded septic system. However, the assertion that any common percent increase could reliably reflect the differences in the market value of land due to different degrees of improvement is at odds with evidence from the real estate marketplace.

Applying a single percentage factor to reflect market valuation differences is predictably inaccurate. For example, the marketplace for expanding a septic system is competitive and therefore the cost of improvements to accommodate a second dwelling would be the similar for a small lot and a large lot—all else equal. For example, spending fifty thousand dollars to make identical improvements to accommodate a second dwelling on a 500-hundred thousand dollar one-acre lot as well as making the same improvements on a million dollar two-acre lot would result in the improvements increasing the total cost of the improved lots by 10 and 5 percent respectively. If the improvements were prudent, then the owner of the smaller lot can reasonably expect that selling the lot would provide a full recovery of all costs, including the 10 percent cost increment associated with making the septic improvement. In contrast, the owner of the larger lot with the prudent 5 percent cost improvement would be foolish to expect that selling his property would result in a 10 percent higher price simply because his neighbor sold his smaller lot with this percentage gain. The same inaccuracy would result from lots of similar size but different types, for example, shorefront versus non-shorefront. The implication is that applying a single percentage factor to reflect market valuation differences caused by differences in the degree of improvement between lots of different sizes or types will predictably prove to be manifestly inaccurate.

A market-based adjustment would provide an accurate and reliable value assessment by employing a methodology that reflects how variations in characteristics—like a dollar value per foot of shoreline footage—drives differences in fair market values across different and sizes types of lots rather than the application of simple, uniform percent factor adjustment—the equivalent of simply applying a simple 50 percent higher value to assessments for a shoreline property regardless of the extent of the shoreline.

The application of the factor 1.25 lot valuation factor to lots with two dwelling units or separate cottages as well as to lots with single dwellings composed of physically separated living quarters compounds the inaccuracy of the valuation methodology.

There is a big difference between adding a second dwelling or cottage and repurposing existing space into living quarters. Our property illustrates this point. In 2021, we went to the Harrison Town office to get a building permit to repurpose some existing space in the garage into sleeping quarters for guests. Since our application for a building permit was before the 2023 Maine Law mandating the permitting of accessory dwelling units, we were told that we could get a building permit to change one of our garage bays into a bedroom and a bathroom, but we were told that we would not get a building permit if we also added a kitchen because adding a kitchen would create a separate dwelling unit on the property. We did not create a separate dwelling because we got a building permit to add separate guest quarters by repurposing one of four garage bays into a bedroom with a three-quarter bath.

Repurposing one of our four existing garage bays into guest quarters in 2021 did not require any improvements to the land. Neither the length nor the width of the garage foundation changed. Altering a fraction of the existing interior garage space did not involve increasing the height of the structure. Further, our repurposed space created physically separate living quarters that utilized the existing water well and the existing septic system. As a result, an accurate description of our property is a lot with a single dwelling unit comprised of three bedrooms and 2.5 bathrooms with one of the three bedrooms and a three-quarter bathroom constituting living quarters that are not physically connected to the rest of the dwelling. The implication is that employing the 1.25 factor to increase the assessed value of land in a case where significant costs are involved to alter the utilization of a property to accommodate the addition of a second dwelling or cottage, as well as in the case where little or no costs are involved to alter land utilization to accommodate repurposing existing space into guest quarters is at odds with evidence from the real estate marketplace.

The 1.25 lot valuation factor is at odds with the logic of market-based property valuations.

Applying the 1.25 factor to our land value simply because the living quarters of the dwelling unit are not physically connected is at odds with the logic of the real estate market valuations. Evidence from the real estate marketplace indicates that—all else equal—capital improvements will increase the market value of a property. In our case, converting

one garage bay into a bedroom and three-quarter bath logically resulted in an increase in the assessed market-based value of the **structures** located on the property. And two situations illustrate how the logic of the 1.25 lot valuation factor adjustment proves faulty.

First, the faulty logic of the valuation methodology employing the 1.25 factor to our property is illustrated by the situation arising if we were to get a building permit and build a \$50,000 breezeway to physically connect our living quarters. Under these conditions, the valuation methodology would increase the replacement value of our structures by \$50,000 and decrease the land valuation by \$184,594 because the 1.25 factor would no longer be applied to our land assessment. Such a result is at odds with how capital improvements increase the fair market value of real estate. Under these conditions, making the breezeway capital improvement to our dwelling would result in a net **decrease** in the valuation of our property—a result clearly at odds with an accurate market-based valuation methodology.

Second, the faulty logic of the valuation methodology employing the 1.25 factor to our property is also illustrated by the situation of a fire burning down the structures on our property. If the existing structures were destroyed before 2021, then the market price of the land would reflect the value of the shorefront footage, land contours, and septic and wells improvements that accommodate a single dwelling. However, if the fire destroyed the buildings after 2021, the post-fire land profile would be identical to the pre-2021 profile, and as a result, there would be no reason to expect the value of the land would be worth 25 percent more because the garage structure that burned down had changed in 2021 to include guest quarters rather than a fourth garage bay.

It is illogical to expect that simply repurposing existing space into physically separate living quarters without having to make any improvements to the land would result in a higher market-based assessed land value.

The 1.25 lot valuation factor is a non-data based upward valuation adjustment.

Since the 1.25 lot valuation factor is at odds with market evidence, it is not surprising that at the April 23, 2025, Cumberland County Board hearing, Robert Gringas did not provide any real estate market data to support his assertion that a single 1.25 factor accurately reflects observed Harrison improved lot valuation differences for all sizes and types of properties. The implication is that the 1.25 lot valuation factor is arbitrary.

The Town of Harrison provided a case study of how application of the arbitrary, non-market based 1.25 lot valuation factor predictably resulted in an overvaluation of a neighbor's property.

When the Town of Harrison rejected my 2024 abatement application, the board of assessors provided two valuation sheets for two properties they deemed comparable to our property. One of the two properties had the 1.25 factor applied and one did not. The 539 Cape Monday Road was the comparable property with the 1.25 factor applied. The 2024 Harrison valuation was \$1,353,100. The property sold in 2024 for \$1,200,000. As a result, the assessed value exceeded the fair market price of the property by 13 percent. If the valuation of the land had not employed a factor of 1.25, then the 2024 valuation for tax purposes would have been four percent lower than the 2024 fair market sale price. Consequently, rather than provide market evidence supporting the application of the 1.25 factor, the comparable property provided a case study showing how the 25 percent upward adjustment of the land value predictably contributed to an overvaluation of the fair market value of the property.

Conclusion

Applying an arbitrary, non-market based 1.25 lot valuation factor to increase the valuation of some Harrison, Maine properties and not others is manifestly wrong and results in unjust discrimination in the levying of property taxes. In our case, the arbitrary 25 percent upward adjustment results in an additional \$184,594 in the valuation of our lot for tax purposes. In summary, the abatement should be granted for six reasons:

1. The Town of Harrison valuation methodology applied a 1.25 factor to generate a 25 percent upward adjustment to my lot value. In the previous tax year, the Cumberland County Board of Assessment Review ruled that the methodology employing the 1.25 lot valuation factor was “manifestly wrong” and “discriminatory.”
2. Applying the 1.25 factor to generate a 25 percent upward adjustment to our lot value is at odds with market-based real estate valuation methodologies. The 1.25 lot valuation factor proves to be an inaccurate valuation parameter when applied to lots of different sizes and types. An accurate valuation methodology would need to reflect the absolute cost of land improvements rather than reflect a common single percentage increase in land value for similar improvements regardless of lot types and sizes.

3. The inaccuracy of applying the 1.25 lot valuation factor is compounded by the application of the factor, without any regard to the degree of the associated lot improvements.
4. The 25 percent land adjustment is also at odds with the logic of real estate market valuations. Making a capital improvement to an existing structure should always result in an increase in the market value. However, the methodology employing the 1.25 lot valuation factor decreases the value of our property if we made a capital improvement to physically connect our living quarters at a cost less than \$184,594. In addition, if our structures were destroyed by fire, then the value of the land would not reflect whether the burned down garage used to have one of four bays repurposed from vehicle storage to guest quarters.
5. Since the 1.25 factor is at odds with market-based valuations, it was not surprising that At our Cumberland County Board of Assessment April 23, 2025 hearing, Robert Gringas, the revaluation specialist from Parker Appraisal Company who was hired by the Town of Harrison to provide property value assessments provided neither data, market-based evidence, or market logic to explain the application of a discriminatory 25 percent upward adjustment to our land value.
6. The Town of Harrison provided the 539 Cape Monday Road as one of two properties comparable to our 475 Cape Monday Road property. However, the comparable property instead provided a market-based case study of how the application of the 1.25 lot valuation factor to a single dwelling with physically separate living quarters resulted in a predictable overvaluation.