

1 **State of Arkansas**
2 **78th General Assembly**
3 **Regular Session, 1991**
4 **By: Senator Scott**

A Bill

SENATE BILL

For An Act To Be Entitled

8 "AN ACT TO ESTABLISH A PROCEDURE FOR THE EQUALIZATION OF
9 AD VALOREM TAX MILLAGE RATES ON REAL AND TANGIBLE PERSONAL
10 PROPERTY INCLUDING PROPERTY OF UTILITIES AND CARRIERS IN
11 ALL TAXING UNITS IN THE STATE; AND FOR OTHER PURPOSES."

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13 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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15 SECTION 1. It is hereby found and determined by the General Assembly
16 that throughout the history of the ad valorem property tax in Arkansas from
17 the date of the adoption of the Arkansas Constitution of 1874 until the
18 adoption of Amendment #59 at the November General Election in 1980, the same
19 rate of tax was applied to both real and personal property subject to the tax;
20 that the provisions of Amendment #59 to the Arkansas Constitution relating to
21 the rollback of millages, the freezing of revenues from personal property
22 taxes, the phase-in of the tax effects of the rollback on utilities and
23 carriers were all designed to minimize the impact of the statewide reappraisal
24 on various classes of property; that the freezing of the revenue level from
25 personal property and the phase-in procedure for property of utilities and
26 carriers resulted in different rates of taxes being applied to personal
27 property and real property, including property of utilities and carriers, but
28 that it was the intent of the General Assembly when it referred the proposed
29 amendment to the voters and the intent of the voters when they adopted
30 Amendment #59 that different tax rates on real and personal property,
31 including property of utilities and carriers, which resulted from the
32 provisions of Amendment #59 were to be temporary and that after a reasonable
33 period of time for adjustment, the rate of taxes on real and personal
34 property, including the rate of taxes on property of utilities and carriers
35 was to be equalized; that several years have now passed since the adoption of

1 Amendment #59 and although the rates of tax on real and personal property have
2 been equalized in some taxing units, it is apparent that equalization of such
3 rates in other taxing units will not occur for many years, if ever; that the
4 application of different rates of taxes on real and personal property,
5 including property of utilities and carriers, creates serious administrative
6 problems, results in inequities in the application of the ad valorem tax to
7 the various types of property owners contrary to the intent of the Arkansas
8 Constitution, and is not in the best interest of taxpayers, taxing units, or
9 tax administrators; and that the best interest of all those involved would be
10 served by the establishment of a procedure for equalizing such tax rates as
11 soon as is practical. It is therefore the intent and purpose of this act to
12 establish a fair and equitable procedure for equalizing ad valorem tax rates
13 on real and personal property, including utility and carrier property, and to
14 minimize the impact of such adjustment on all parties involved.

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16 SECTION 2. For purposes of this act, the term "taxing unit" means any
17 local governmental body having a separate board, council, or quorum court that
18 is established and recognized by law and which has the authority to levy taxes
19 or to refer a tax levy to a vote of the electors for approval or rejection.

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21 SECTION 3. In order to equalize ad valorem tax rates on real and
22 personal property and to establish a single official millage rate to be
23 applied to all taxable property in each taxing unit, the following procedures
24 shall be followed in determining the single official tax rate in each taxing
25 unit in the State:

26 (a) In any taxing unit in which the millage rate on real property is
27 higher than the millage rate on personal property, the single official millage
28 rate shall be the rate levied on real property and that rate shall be applied
29 to all real and tangible personal property subject to taxation in the taxing
30 unit.

31 (b) In any taxing unit in which the millage rate on personal property
32 is higher than the millage rate on real property, the single official millage
33 rate to be applied to all taxable real and personal property in the taxing
34 unit shall be determined by dividing the sum total of all ad valorem taxes
35 certified for collection on real, personal and utility properties in the

1 taxing unit in the year in which this act becomes effective, adjusted by
2 millage changes approved during that same year, by the sum total of all
3 assessments of real, personal and utility property for the year immediately
4 prior to the year in which this act takes effect. The resulting millage shall
5 be rounded up to the nearest one-tenth of a mill and that rate shall be
6 applied to all taxable real, personal and utility property in the taxing unit.

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8 SECTION 4. The provisions of this act shall be applicable with respect
9 to ad valorem tax millage rates levied in November of the year in which this
10 act becomes effective for taxes to be collected in the following year.

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12 SECTION 5. All provisions of this act of a general and permanent nature
13 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
14 Revision Commission shall incorporate the same in the Code.

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16 SECTION 6. If any provision of this act or the application thereof to
17 any person or circumstance is held invalid, such invalidity shall not affect
18 other provisions or applications of the act which can be given effect without
19 the invalid provision or application, and to this end the provisions of this
20 act are declared to be severable.

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22 SECTION 7. The provisions of this act shall be supplemental to the
23 present laws relating to the assessment of property for ad valorem tax
24 purposes and shall repeal only those laws in direct conflict herewith.

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