

Stricken language would be deleted from present law. Underlined language would be added to present law.

1 State of Arkansas  
2 81st General Assembly  
3 Regular Session, 1997

As Engrossed: H3/28/97

# A Bill

HOUSE BILL 2176

4  
5 By: Representative Hunton

## For An Act To Be Entitled

9 "AN ACT TO REQUIRE COUNTY ASSESSORS TO ESTABLISH A  
10 PROPERTY VALUATION PROGRAM AND ESTABLISHING AUDITING  
11 PROCEDURES FOR THE ASSESSMENT COORDINATION DIVISION; AND  
12 FOR OTHER PURPOSES."

## Subtitle

15 "AN ACT TO REQUIRE COUNTY ASSESSORS TO  
16 ESTABLISH A PROPERTY VALUATION PROGRAM  
17 AND ESTABLISHING AUDITING PROCEDURES FOR  
18 THE ASSESSMENT COORDINATION DIVISION."

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

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23 SECTION 1. (a) It shall be the duty of the county assessor of each  
24 county in the state to conduct and carry out a continuing program of valuation  
25 of all properties under his or her jurisdiction.

26 (b) The program of valuation shall be audited by the Assessment  
27 Coordination Division, or its successor. The auditing procedure is as  
28 follows:

29 (1) The Assessment Coordination Division, or its successor, shall  
30 prepare a ratio study as provided by Arkansas Code 26-26-304.

31 (2) The Assessment Coordination Division, or its successor, will  
32 use a cost manual which is developed and adjusted with factors for each  
33 individual county. Sales will be used within each county to develop the  
34 factors needed to be used in each individual county.

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36 SECTION 2. The Assessment Coordination Division, or its successor,

1 shall perform a needs study of each county assessor's office and furnish the  
2 study to the Quorum Court of each county with a recommendation of minimum  
3 staff and equipment. Assessors will submit a needs study to the Quorum Court  
4 with the yearly proposed budget.

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6 SECTION 3. Arkansas Code 26-26-304 (a), concerning the ratio study for  
7 the purpose of determining the ratio of assessed value to market value and  
8 concerning the effect on state aid or turnback funds, is amended to read as  
9 follows:

10 (a)(1)(A) The Assessment Coordination Division of the Public Service  
11 Commission, or its successor, shall prepare a ratio study for the purpose of  
12 determining the average ratio of assessed value to the true and full market or  
13 actual value of real property, by classifications, in each of the several  
14 counties and school districts of the state.

15 (B)(i) ~~This ratio study shall be based on sales/assessment~~  
16 ~~ratios, supplemented with appraisal/assessment ratios as required to meet~~  
17 ~~generally accepted statistical techniques.~~ The ratio study shall be based  
18 upon physical examination of real estate appraisals of each individual county  
19 to determine the degree of compliance, with a cost manual furnished by the  
20 Assessment Coordination Division, or its successor, and adjusted with factors  
21 for each individual county. The statistical method of sampling by  
22 classifications such as residential, commercial, industrial and miscellaneous,  
23 shall be used to include not less than three percent (3%) of the total number  
24 of real properties in each classification in each county. The Assessment  
25 Coordination Division, or its successor, shall not use a direct sale in the  
26 development of the ratio.

27 (ii) The study shall determine the actual assessment  
28 level of real estate as required by law, including value of agricultural lands  
29 that qualify for use/productivity valuation, by classification such as  
30 residential, commercial/industrial, agricultural, etc.

31 (iii) ~~The sales/assessment ratio study shall include~~  
32 ~~sales data for the calendar year previous to the assessment year.~~ The  
33 Assessment Coordination Division, or its successor, shall report the  
34 preliminary ~~sales/assessment~~ assessment ratio studies to the assessor and  
35 county judge on or before February 1 of the assessment year.

36 (2) The Assessment Coordination Division, or its successor, shall

1 supplement the ~~sales/assessment~~ assessment ratio with appraisals as required  
2 and report the original combined real property ratios to the assessor, county  
3 judge, and to the proper fiscal officials that disburse all state aid or  
4 turnback from all sources accruing to those counties, municipalities, and  
5 school districts by August 1 of the assessment year and each subsequent year.

6 (3) In conducting the studies, the Assessment Coordination  
7 Division, or its successor, shall use generally accepted valuation procedures,  
8 statistical compilation, and analysis techniques found in the International  
9 Association of Assessing Officers standards on ratio studies. ~~2~~

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11 SECTION 4. Arkansas Code 26-26-304 (c), concerning the ratio study for  
12 the purpose of determining the ratio of assessed value to market value and  
13 concerning the effect on state aid or turnback funds, is amended to read as  
14 follows:

15 (c)(1) The county assessor shall, on or before August 1 of each year,  
16 report to the division, by total of items and value, the total assessment of  
17 the county as made by the assessor.

18 (2) The county clerk, on or before October 1 of each year, shall  
19 file a report with the division showing the percent of true market or actual  
20 value at which the board has equalized the assessed values of the property of  
21 the county under its jurisdiction for the year, together with an abstract of  
22 the adjusted assessment by total of items and value. If the abstract reveals  
23 that the total of the equalized assessed values does not deviate more than  
24 five percent (5%) below the assessors' assessment values, then the counties  
25 that have met the required percentage of assessment on the original  
26 certification, as certified by the division on August 1, shall be deemed to  
27 have met the percentage requirement for the current assessment year.

28 (3) Any county that deviates more than five percent (5%) below  
29 the assessor's assessment values or any county that fails to meet the  
30 percentage requirement as certified on August 1 by the division shall have  
31 until the third Monday in November of ~~each year~~ the year following the  
32 assessment year to equalize its assessments in accordance with the required  
33 percentage of true or fair market value.

34 (4)(A) The county clerk shall certify to the division, on or  
35 before December 1 of *each year*, the total assessed valuation of personal and  
36 real property in the county as equalized and certified by the board of

1 equalization.

2 (B) If the division shall determine that the total assessed  
3 valuation of personal and real property in any county has increased in an  
4 amount sufficient to raise the total assessed valuation to the percentage of  
5 assessed valuation as required by law, the division shall, on December 31 of  
6 *each year*, certify to the county judge and county assessor that the county has  
7 met the percentage of assessed valuation as required by law for such year.

8 (C) In the case of any county that has not met the  
9 requirements noted, this fact and the percentage of assessed valuation of the  
10 county shall be certified on December 31 of *each year* to the county judge,  
11 county assessor, and the fiscal officers of this state that disburse all state  
12 aid or turnback to the county.

13 (D)(i) In accordance with the determination of the final  
14 average ratio of assessed values to the true and full market or actual value  
15 of all property in any county annually, a portion of all state aid or turnback  
16 from all sources accruing to the deficient county, all municipalities and  
17 school districts therein during the current fiscal year shall be withheld by  
18 the fiscal officials that disburse all state aid or turnback from all sources  
19 if the average ratio of assessed value to the true and full market or actual  
20 value in any county is certified to be less than eighteen percent (18%) or not  
21 more than twenty-two percent (22%) for each assessment year.

22 (ii) The amount to be withheld in each instance shall  
23 be that percentage of the total amount of state aid or turnback that would  
24 otherwise be paid that is determined by dividing the percentage of the true  
25 and full market or actual value outlined above for the respective years into  
26 the difference between this percentage and the final average ratio of assessed  
27 value in the county as certified by the division on December 31 of *each year*.

28 (iii) In the event, however, that any unit of  
29 government so affected can make proper showing to the division on or after  
30 August 1 of the following year that the property in such unit of government is  
31 assessed at not less than eighteen percent (18%) or not more than twenty-two  
32 percent (22%) of true and full market or actual value for each assessment  
33 year, then upon recertification by the division to the proper fiscal officers  
34 of the state, those funds that have been withheld shall be released to the  
35 county or taxing unit.

36 (iv) The officials of each unit of government shall

1 have a right to examine the records of the division and discuss any problems  
2 that might arise with the proper officers of the division.✕

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

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8 SECTION 6. If any provision of this act or the application thereof to  
9 any person or circumstance is held invalid, such invalidity shall not affect  
10 other provisions or applications of the act which can be given effect without  
11 the invalid provision or application, and to this end the provisions of this  
12 act are declared to be severable.

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14 SECTION 7. All laws and parts of laws in conflict with this act are  
15 hereby repealed.

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17 /s/Rep. Hunton

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