

1 State of Arkansas  
2 84th General Assembly  
3 Second Extraordinary Session, 2003  
4

Call Item 4

HCR 1003

5 By: Representative Stovall  
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8 **HOUSE CONCURRENT RESOLUTION**

9 ENCOURAGING SUPPORT FOR AN AMENDMENT TO THE  
10 ARKANSAS CONSTITUTION CONCERNING PROPERTY TAX  
11 LAWS.  
12

13 **Subtitle**

14 ENCOURAGING SUPPORT FOR AN AMENDMENT TO  
15 THE ARKANSAS CONSTITUTION CONCERNING  
16 PROPERTY TAX LAWS.  
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19 WHEREAS, public school districts depend on property tax to help support  
20 their activities; and  
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22 WHEREAS, Arkansas property tax laws are governed by the Arkansas  
23 Constitution which has been amended several times; and  
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25 WHEREAS, the constitutional provisions concerning property tax are  
26 unwieldy, confusing, and in some instances unfair; and  
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28 WHEREAS, provisions concerning assessment of property and tax rollback  
29 procedures are in need of immediate revision; and  
30

31 WHEREAS, the General Assembly cannot propose an amendment to the  
32 Arkansas Constitution except during a regular session,  
33

34 NOW THEREFORE,

35 BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE EIGHTY-FOURTH GENERAL  
36 ASSEMBLY OF THE STATE OF ARKANSAS, THE SENATE CONCURRING THEREIN:



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2            THAT the General Assembly encourages citizens interested in reforming  
3 Arkansas property tax laws to propose an amendment by initiative petition  
4 that would have the following provisions:

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6            “SECTION 1. Subsections (b) and (c) of Section 1 of Amendment 79 to  
7 the Arkansas Constitution are repealed.

8            ~~(b)(1) If the parcel is not a taxpayer's homestead used as the~~  
9 ~~taxpayer's principal place of residence, then for the first assessment~~  
10 ~~following reappraisal, any increase in the assessed value of the parcel shall~~  
11 ~~be limited to not more than ten percent (10%) of the assessed value of the~~  
12 ~~parcel for the previous year. In each year thereafter the assessed value~~  
13 ~~shall increase by an additional ten percent (10%) of the assessed value of~~  
14 ~~the parcel for the year prior to the first assessment that resulted from~~  
15 ~~reappraisal but shall not exceed the assessed value determined by the~~  
16 ~~reappraisal prior to adjustment under this subsection. For utility and~~  
17 ~~carrier real property, any annual increase in the assessed value of the~~  
18 ~~parcel shall be limited to not more than ten percent (10%) of the assessed~~  
19 ~~value for the previous year.~~

20            ~~(2) This subsection (b) does not apply to newly discovered real~~  
21 ~~property, new construction, or to substantial improvements to real property.~~

22            ~~(c)(1) Except as provided in subsection (d), if the parcel is a~~  
23 ~~taxpayer's homestead used as the taxpayer's principal place of residence then~~  
24 ~~for the first assessment following reappraisal, any increase in the assessed~~  
25 ~~value of the parcel shall be limited to not more than five percent (5%) of~~  
26 ~~the assessed value of the parcel for the previous year. In each year~~  
27 ~~thereafter the assessed value shall increase by an additional five percent~~  
28 ~~(5%) of the assessed value of the parcel for the year prior to the first~~  
29 ~~assessment that resulted from reappraisal but shall not exceed the assessed~~  
30 ~~value determined by the reappraisal prior to adjustment under this~~  
31 ~~subsection.~~

32            ~~(2) This subsection (c) does not apply to newly discovered real~~  
33 ~~property, new construction, or to substantial improvements to real property.~~  
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35            SECTION 2. Section 14 of Article 16 of the Arkansas Constitution is  
36 amended to read as follows:

1           14. Procedure for adjustment of taxes after reappraisal or reassessment  
2 of property.

3           (a) Whenever a countywide reappraisal or reassessment of property  
4 subject to ad valorem taxes made in accordance with procedures established by  
5 the General Assembly shall result in an increase in the aggregate value of  
6 taxable real and personal property, less newly discovered real property, in  
7 any taxing unit in this State of ten percent (10%) or more over the previous  
8 year the ~~rate~~ amount of city or town, county, school district, and community  
9 college district taxes levied against the taxable real and personal property  
10 of each such taxing unit shall, upon completion of such reappraisal or  
11 reassessment, be adjusted or rolled back, by the governing body of the taxing  
12 unit, for the year for which levied as provided below. The General Assembly  
13 shall, by law, establish the procedures to be followed by a county in making  
14 a countywide reappraisal or reassessment of property which will, upon  
15 completion, authorize the adjustment or rollback of property tax rates or  
16 millage, as authorized hereinabove. The adjustment or rollback of tax rates  
17 or millage ~~for the "base year" as hereinafter defined~~ shall be designed to  
18 assure that each taxing unit will receive an amount of tax revenue from each  
19 tax source no greater than ten percent (10%) above the revenues received  
20 during the previous year from each such tax source, adjusted for any lawful  
21 tax or millage rate increase or reduction imposed in the manner provided by  
22 law for the year for which the tax adjustment or rollback is to be made, ~~and~~  
23 ~~after making the following additional adjustments:~~

24                           ~~(i) By excluding from such calculation the assessed~~  
25 ~~value of, and taxes derived from, tangible personal property assessed in the~~  
26 ~~taxing unit, and all real and tangible personal property of public utilities~~  
27 ~~and regulated carriers assessed in the taxing unit, and~~

28                           ~~(ii) By computing the adjusted or rollback millage~~  
29 ~~rates on the basis of the reassessed taxable real property for the base year~~  
30 ~~that will produce an amount of revenue no greater than ten percent (10%)~~  
31 ~~above the revenues produced from the assessed value of real property in the~~  
32 ~~taxing unit (after making the aforementioned adjustments for personal~~  
33 ~~properties and properties of public utilities and regulated carriers noted~~  
34 ~~above) from millage rates in effect in the taxing unit during the base year~~  
35 ~~in which the millage adjustment or rollback is to be calculated. Provided,~~  
36 ~~further, that in calculating the amount of adjusted or rollback millage~~

1 necessary to produce tax revenues no greater than ten percent (10%) above the  
2 revenues received during the previous year, the governing body shall separate  
3 from the assessed value of taxable real property of the taxing unit, newly-  
4 discovered real property and new construction and improvements to real  
5 property, after making the adjustments for personal property or property of  
6 public utilities and regulated carriers noted above, and shall compute the  
7 millage necessary to produce an amount of revenues equal to, but no greater  
8 than the base year revenues of the taxing unit from each millage source. Such  
9 taxing unit may elect either to obtain an increase in revenues equal to the  
10 amount of revenues that the computed or adjusted rollback millage will  
11 produce from newly discovered real property and new construction and  
12 improvements to real property, or if the same be less than ten percent (10%),  
13 the governing body of the taxing unit may recompute the millage rate to be  
14 charged to produce an amount no greater than ten percent (10%) above the  
15 revenues collected for taxable real property during the base year.

16        Provided, however, that the amount of revenues to be derived from  
17 taxable personal property assessed in the taxing unit for the base year,  
18 other than personal property taxes to be paid by public utilities and  
19 regulated carriers in the manner provided hereinabove, shall be computed at  
20 the millage necessary to produce the same dollar amount of revenues derived  
21 during the current year in which the base year adjustment or rollback of  
22 millage is computed, and the millage necessary to produce the amount of  
23 revenues received from personal property taxes received by the taxing unit,  
24 for the base year shall be reduced annually as the assessed value of taxable  
25 personal property increases until the amount of revenues from personal  
26 property taxes, computed on the basis of the current year millage rates will  
27 produce an amount of revenues from taxable personal property equal to or  
28 greater than received during the base year, and thereafter the millage rates  
29 for computing personal property taxes shall be the millage rates levied for  
30 the current year.

31        Provided, however, that the taxes to be paid by public utilities and  
32 regulated carriers in the respective taxing units of the several counties of  
33 this State during the first five (5) calendar years in which taxes are levied  
34 on the taxable real and personal property as reassessed and equalized in each  
35 of the respective counties as a part of a statewide reappraisal program,  
36 shall be the greater of the following:

~~(1) The amount of taxes paid on property owned by such public utilities or regulated carriers in or assigned to such taxing unit, less adjustments for properties disposed of or reductions in the assessed valuation of such properties in the base year as defined below, or~~

~~(2) The amount of taxes due on the assessed valuation of taxable real and tangible personal property belonging to the public utilities or regulated carriers located in or assigned to the taxing unit in each county at millage rates levied for the current year.~~

~~As used herein, the term "base year" shall mean the year in which a county completes reassessment and equalization of taxable real and personal property as a part of a statewide reappraisal program, and extends the adjusted or rolled back millage rates for the first time, as provided in subsection (a) of this Section, for the respective taxing units in such county for collection in the following year.~~

~~(i) In the event the amount of taxes paid the taxing unit in a county in the base year, as defined herein, is greater than the taxes due to be paid to such taxing unit for the current year of any year of the second (2nd) period of five (5) years after the base year, the difference between the base year taxes and the current year taxes for any year of such five (5) year period shall be adjusted as follows:~~

<del>Current year of</del>	<del>Taxes shall be current year taxes</del>
<del>second period of (5)</del>	<del>to which shall be added the</del>
<del>years</del>	<del>following percentage of the</del>
	<del>difference between the current</del>
	<del>year taxes and the base year taxes</del>
	<del>(if greater than current year taxes)</del>
<del>1st year</del>	<del>80% of difference</del>
<del>2nd year</del>	<del>60% of difference</del>
<del>3rd year</del>	<del>40% of difference</del>
<del>4th year</del>	<del>20% of difference</del>
<del>5th year and thereafter</del>	<del>Current years taxes only.</del>

~~(ii) If the current year taxes of a public utility or regulated carrier equal or exceed the base years taxes due a taxing unit during any year of the first ten (10) years after the base year, the amount~~

1 of taxes to be paid to such taxing unit shall thereafter be the current years  
2 taxes and the adjustment authorized herein shall no longer apply in computing  
3 taxes to be paid to such taxing unit.

4 Provided, that in the event the aforementioned requirement for payment  
5 of taxes by public utilities and regulated carriers, or any class of  
6 utilities or carriers for the ten (10) year period noted above, shall be held  
7 by court decision to be contrary to the constitution or statutes of this  
8 State or of the Federal Government, the General Assembly may provide for  
9 other utilities or classes of carriers to receive the same treatment provided  
10 or required under the court order, if deemed necessary to promote equity  
11 between similar utilities or classes of carriers.

12 (b) The General Assembly shall, by law, provide for procedures to be  
13 followed with respect to adjusting ad valorem taxes or millage pledged for  
14 bonded indebtedness purposes, to assure that the adjusted or rolled back rate  
15 of tax or millage levied for bonded indebtedness purposes will, at all times,  
16 provide a level of income sufficient to meet the current requirements of all  
17 principal, interest, paying agent fees, reserves, and other requirements of  
18 the bond indenture.

19 (b) The adjustment or rollback under this section shall not apply to  
20 the uniform rate of ad valorem property tax under Amendment 74 to the  
21 Constitution of the State of Arkansas.”

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