

1 State of Arkansas
2 92nd General Assembly
3 Regular Session, 2019
4

A Bill

HOUSE BILL 1321

5 By: Representative L. Fite
6 By: Senator B. Johnson
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE HOMESTEAD PROPERTY TAX CREDIT; TO
10 INCREASE THE HOMESTEAD PROPERTY TAX CREDIT; TO
11 REQUIRE CERTAIN LEGISLATIVE COMMITTEES TO STUDY THE
12 SALES AND USE TAX USED TO FUND THE HOMESTEAD PROPERTY
13 TAX CREDIT AND A FORMULA FOR DETERMINING THE AMOUNT
14 OF THE HOMESTEAD PROPERTY TAX CREDIT; AND FOR OTHER
15 PURPOSES.
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Subtitle

18 TO INCREASE THE HOMESTEAD PROPERTY TAX
19 CREDIT; AND TO REQUIRE A STUDY OF THE
20 FUNDING OF THE HOMESTEAD PROPERTY TAX
21 CREDIT AND A FORMULA FOR DETERMINING THE
22 AMOUNT OF THE HOMESTEAD PROPERTY TAX
23 CREDIT.
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27 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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29 SECTION 1. Arkansas Code § 26-26-1118(a)(1)(A), concerning the
30 homestead property tax credit and the limitation on the increase of a
31 property's assessed value for property tax purposes, is amended to read as
32 follows:

33 (a)(1)(A) There is established a homestead property tax credit for
34 each assessment year that reduces the amount of real property taxes assessed
35 on the homestead of each property owner by ~~three hundred fifty dollars (\$350)~~
36 three hundred seventy-five dollars (\$375).



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2 SECTION 2. DO NOT CODIFY. Interim study.

3 (a) The Senate Committee on Revenue and Taxation and the House
4 Committee on Revenue and Taxation, meeting jointly, shall study the:

5 (1) Amount of the homestead property tax credit under § 26-26-
6 1118, including without limitation the formula for calculating and
7 administering the homestead property tax credit set out in subsection (b) of
8 this section; and

9 (2) Sales and use tax levied to fund the homestead property tax
10 credit under §§ 26-52-302(c), 26-52-317(c)(1)(B), 26-52-319(a)(2)(B), 26-53-
11 107(c), 26-53-145(c)(1)(B), 26-53-148(a)(2)(B), and 26-56-224(c)(2).

12 (b)(1) The purpose of this subsection is to set out a proposed
13 formula, to be studied as provided under this section, for the calculation
14 and administration of the homestead property tax credit.

15 (2)(A) By December 1 of each year, the county assessor of each
16 county shall calculate and certify to the Director of the Department of
17 Finance and Administration the total number of parcels of real property that
18 are used as homesteads, as defined under § 26-26-1122, and that are eligible
19 for the homestead property tax credit for the county for the corresponding
20 calendar year.

21 (B) By December 15 of each year, the director shall:

22 (i) Calculate and certify the total number of
23 parcels of real property that are used as homesteads, as defined under § 26-
24 26-1122, and that are eligible for the homestead property tax credit for the
25 state in the corresponding calendar year based on the information certified
26 by the county assessors under subdivision (b)(2)(A) of this section; and

27 (ii) Notify the Executive Director of the
28 Association of Arkansas Counties of the number of homesteads eligible for the
29 homestead property tax credit certified for the state under subdivision
30 (b)(2)(B)(i) of this section.

31 (3) By December 31 of each year, the director shall:

32 (A) Calculate and certify the anticipated balance of the
33 Property Tax Relief Trust Fund on December 31 of the corresponding calendar
34 year;

35 (B) Calculate the homestead property tax credit to be used
36 under § 26-26-1118 by:

1 (i) Subtracting forty million dollars (\$40,000,000)
2 from the certified amount under subdivision (b)(3)(A) of this section;

3 (ii) Dividing the difference under subdivision
4 (b)(3)(B)(i) of this section by the number certified under subdivision
5 (b)(2)(B)(i) of this section;

6 (iii) Rounding the quotient under subdivision
7 (b)(3)(B)(ii) as follows:

8 (a) If the quotient is greater than zero
9 dollars (\$0.00) but less than twenty-five dollars (\$25.00), then the quotient
10 shall be rounded down to zero dollars (\$0.00);

11 (b) If the quotient is greater than twenty-
12 five dollars (\$25.00) but less than fifty dollars (\$50.00), then the quotient
13 shall be rounded down to twenty-five dollars (\$25.00);

14 (c) If the quotient is greater than fifty
15 dollars (\$50.00) but less than seventy-five dollars (\$75.00), then the
16 quotient shall be rounded down to fifty dollars (\$50.00);

17 (d) If the quotient is greater than seventy-
18 five dollars (\$75.00), then the quotient shall be rounded down to seventy-
19 five dollars (\$75.00);

20 (e) If the quotient is less than zero dollars
21 (\$0.00) but greater than negative twenty-five dollars (-\$25.00), then the
22 quotient shall be rounded up to zero dollars (\$0.00); or

23 (f) If the quotient is less than negative
24 twenty-five dollars (-\$25.00), then the quotient shall be rounded up to the
25 nearest increment of negative twenty-five dollars (-\$25.00); and

26 (iv)(a) Adding the rounded amount under subdivision
27 (b)(3)(B)(iii) of this section to the homestead property tax credit amount in
28 effect on October 15 of the corresponding calendar year.

29 (b) However, the homestead property tax credit
30 shall not be reduced to an amount less than three hundred dollars (\$300);

31 (C) Certify the homestead property tax credit amount
32 calculated in subdivision (b)(3)(B)(iv) of this section to the Executive
33 Director of the Association of Arkansas Counties; and

34 (D) Notify each county assessor in the state of the
35 homestead property tax credit amount certified under subdivision (b)(3)(C) of
36 this section.

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SECTION 3. EFFECTIVE DATE. Section 1 of this act is effective for assessment years beginning on or after January 1, 2019.