

Stricken language would be deleted from and underlined language would be added to present law.

1 State of Arkansas  
2 91st General Assembly  
3 Third Extraordinary Session, 2018

**A Bill**

**DRAFT GRE/GRE  
HOUSE BILL**

4  
5 By: Representative L. Fite  
6

**For An Act To Be Entitled**

8 AN ACT TO AMEND THE HOMESTEAD PROPERTY TAX CREDIT; TO  
9 AMEND THE PERCENTAGE OF EXCESS FUNDS FROM THE  
10 PROPERTY TAX RELIEF TRUST FUND USED TO ADMINISTER THE  
11 HOMESTEAD PROPERTY TAX CREDIT; TO CREATE A FORMULA  
12 FOR DETERMINING THE AMOUNT OF THE HOMESTEAD PROPERTY  
13 TAX CREDIT; AND FOR OTHER PURPOSES.  
14  
15

**Subtitle**

17 TO AMEND THE HOMESTEAD PROPERTY TAX  
18 CREDIT; TO AMEND THE PROPERTY TAX FUND  
19 USED TO ADMINISTER THE HOMESTEAD PROPERTY  
20 TAX CREDIT; AND TO CREATE A FORMULA FOR  
21 DETERMINING THE AMOUNT OF THE HOMESTEAD  
22 PROPERTY TAX CREDIT.  
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25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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27 SECTION 1. Arkansas Code § 26-26-310(b)(2)(C)(ii), concerning the  
28 certification of the amount of property tax reduction, is amended to read as  
29 follows:

30 (ii) Beginning December 31, ~~2005~~ 2018, and on  
31 December 31 of each subsequent year, the Treasurer of State shall:

32 (a) Calculate an amount equal to ~~one percent~~  
33 ~~(1%)~~ two percent (2%) of the amount of the excess funds certified in  
34 subdivision (b)(2)(C)(i) of this section;

35 (b) Calculate each county's proportionate  
36 share of the amount calculated in subdivision (b)(2)(C)(ii)(a) of this

1 section based on the proportions used to reimburse the county for property  
2 tax reductions under subsection (a) of this section; and

3 (c) Transfer the amount calculated under  
4 subdivision (b)(2)(C)(ii)(b) of this section to the county treasurer for  
5 allocation to the county assessor.

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7 SECTION 2. Arkansas Code § 26-26-1118 is amended to read as follows:

8 ~~26-26-1118. Limitation on increase of property's assessed value~~  
9 Homestead property tax credit calculation and administration.

10 (a) As used in this section:

11 (1) "Eligible homestead tax credit residences" means the total  
12 number of parcels of real property that are used as homesteads, as defined  
13 under § 26-26-1122, eligible for the homestead property tax credit;

14 (2) "Homestead property tax credit index" means the homestead  
15 property tax credit amount in effect on October 15 of the current calendar  
16 year; and

17 (3) "Property Tax Relief Trust Fund adjusted balance" means the  
18 anticipated balance of the Property Tax Relief Trust Fund on December 31 of  
19 the current calendar year.

20 (b)(1) By December 1 of each year, the county assessor of each county  
21 shall calculate and certify to the Director of the Department of Finance and  
22 Administration the eligible homestead tax credit residences for the county  
23 for the current calendar year.

24 (2) By December 15 of each year, the Director of the Department  
25 of Finance and Administration shall:

26 (A) Calculate and certify the total number of eligible  
27 homestead tax credit residences for the state in the current calendar year  
28 based upon the number of eligible homestead tax credit residences certified  
29 by the county assessor of each county under subdivision (b)(1) of this  
30 section; and

31 (B) Notify the Executive Director of the Association of  
32 Arkansas Counties of the total number of eligible homestead tax credit  
33 residences for the state calculated under subdivision (b)(2)(A) of this  
34 section.

35 (c) By December 31 of each year, the Director of the Department of  
36 Finance and Administration shall:

1           (1) Calculate and certify the Property Tax Relief Trust Fund  
 2 adjusted balance;

3           (2) Calculate the homestead property tax credit to be used under  
 4 subdivision (d)(1)(B) of this section by:

5                   (A) Subtracting forty million dollars (\$40,000,000) from  
 6 the Property Tax Relief Trust Fund adjusted balance under subdivision (c)(1)  
 7 of this section;

8                   (B) Dividing the difference under subdivision (c)(2)(A) of  
 9 this section by the number of eligible homestead tax credit residences  
 10 certified under subdivision (b)(2)(A) of this section;

11                   (C) Rounding the quotient under subdivision (c)(2)(B) as  
 12 follows:

13                           (i) If the quotient is greater than zero dollars  
 14 (\$0.00) but less than twenty-five dollars (\$25.00), then the quotient shall  
 15 be rounded down to zero dollars (\$0.00);

16                           (ii) If the quotient is greater than twenty-five  
 17 dollars (\$25.00) but less than fifty dollars (\$50.00), then the quotient  
 18 shall be rounded down to twenty-five dollars (\$25.00);

19                           (iii) If the quotient is greater than fifty dollars  
 20 (\$50.00) but less than seventy-five dollars (\$75.00), then the quotient shall  
 21 be rounded down to fifty dollars (\$50.00);

22                           (iv) If the quotient is greater than seventy-five  
 23 dollars (\$75.00), then the quotient shall be rounded down to seventy-five  
 24 dollars (\$75.00);

25                           (v) If the quotient is less than zero dollars  
 26 (\$0.00) but greater than negative twenty-five dollars (-\$25.00), then the  
 27 quotient shall be rounded up to zero dollars (\$0.00); or

28                           (vi) If the quotient is less than negative twenty-  
 29 five dollars (-\$25.00), then the quotient shall be rounded up to the nearest  
 30 increment of negative twenty-five dollars (-\$25.00); and

31                   (D)(i) Adding the rounded amount under subdivision  
 32 (c)(2)(C) of this section to the homestead property tax credit index.

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

35           (3) Certify the homestead property tax credit amount calculated  
 36 in subdivision (c)(2)(D) of this section to the Executive Director of the

1 Association of Arkansas Counties; and

2 (4) Notify each county assessor in the state of the homestead  
3 property tax credit amount certified under subdivision (c)(3) of this  
4 section.

5 ~~(a)(1)(A)~~ (d)(1)(A) For the assessment year beginning January 1, 2019,  
6 There ~~there~~ is established a homestead property tax credit ~~for each~~  
7 assessment year that reduces the amount of real property taxes assessed on  
8 the homestead of each property owner by ~~three hundred fifty dollars (\$350)~~  
9 four hundred dollars (\$400).

10 (B) For assessment years beginning on or after January 1,  
11 2020, there is a homestead property tax credit for each assessment year that  
12 reduces the amount of real property taxes assessed on the homestead of each  
13 property owner by the homestead property tax credit amount certified by the  
14 Director of the Department of Finance and Administration under subsection (c)  
15 of this section in the previous calendar year.

16 ~~(B)~~ (C) However, an assessment shall not be reduced to  
17 less than zero dollars (\$0.00).

18 (2) Each property owner shall pay the reduced tax amount to the  
19 county.

20 (3) The homestead property tax credit adopted by this section  
21 shall be reflected on the tax bill sent to the property owner by the county  
22 collector.

23 (4) The county and taxing units within the county are entitled  
24 to reimbursement of the tax reduction resulting from the homestead property  
25 tax credit in accordance with § 26-26-310.

26 ~~(b)(1)~~ (e)(1) Each county assessor is responsible for identifying the  
27 parcels of real property that are used as homestead residences before issuing  
28 tax bills.

29 (2)(A) Each property owner shall register with the county  
30 assessor proof of eligibility for the property tax credit if the property  
31 owner intends to claim a property tax credit.

32 (B)(i) The registration may be attached to the deed or  
33 other instrument conveying an interest in real property and filed with the  
34 circuit clerk, who shall remit the registration to the county assessor.

35 (ii) The circuit clerk shall not file the  
36 registration described in this subdivision (b)(2).

1 (C) The property owner may submit a registration for the  
 2 property tax credit directly to the county assessor.

3 (3)(A) The homestead property tax credit authorized by  
 4 subdivision (a)(1) of this section is not allowed after October 15 of the  
 5 year after the assessment.

6 (B) If October 15 falls on a Saturday, Sunday, or holiday  
 7 observed by the United States Postal Service, the homestead property tax  
 8 credit is allowed on, but no later than, the following business day that is  
 9 not a holiday observed by the United States Postal Service.

10 (4)(A) A parcel of real property shall qualify as a homestead  
 11 prior to January 1 of the year after assessment to be eligible for the  
 12 property tax credit.

13 (B) Once a parcel of real property is determined to be  
 14 eligible for the property tax credit, the parcel of real property shall  
 15 remain eligible for that year regardless of a change in the use of the parcel  
 16 of real property during the year.

17 (C) Under no circumstance may a property owner claim more  
 18 than one (1) homestead property tax credit per calendar year.

19 (5)(A) The parties to a transfer of real property may prorate,  
 20 as between themselves, the property tax credit and the benefits of the  
 21 property tax credit by agreement of the parties.

22 (B) If a parcel of real property qualifies for the  
 23 property tax credit, the property tax credit shall apply regardless of who or  
 24 what entity pays the property tax.

25 (6)(A) When real property is transferred, the purchaser of the  
 26 real property shall notify the county assessor of the new use of the real  
 27 property.

28 (B) The notification may be by affidavit provided by the  
 29 purchaser of the real property or on a form provided by the county assessor.

30 (7) The Division of Vital Records of the Department of Health  
 31 shall send to the county assessor by electronic mail a monthly report listing  
 32 the residents of that county who have died.

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 34 SECTION 3. Arkansas Code § 26-26-1119(a)(2)(C), concerning prohibited  
 35 conduct and penalties, is amended to read as follows:

36 (C) In order to qualify for the homestead property tax

1 credit after repayment of an unlawfully claimed homestead property tax credit  
2 and payment of a penalty, the property owner shall register with the county  
3 assessor according to ~~§ 26-26-1118(b)(2)(A)~~ § 26-26-1118(e)(2)(A).  
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5 SECTION 4. Arkansas Code § 26-26-1119(f)(3), concerning prohibited  
6 conduct and penalties, is amended to read as follows:

7 (3) This section does not alter the property owner's deadline to  
8 claim the homestead property tax credit as provided in ~~§ 26-26-1118(b)(3)~~ §  
9 26-26-1118(e)(3).  
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