

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas As Engrossed: H1/23/01 H2/2/01 H2/6/01 S2/21/01 S3/12/01

2 83rd General Assembly

A Bill

Act 1131 of 2001

3 Regular Session, 2001

HOUSE BILL 1230

4

5 By: Representatives Milum, Teague, Stovall, Glover, Minton, Bond, Bennett, Green, R. Smith, Cook,
6 Hausam, Files

7 By: Senators Hill, Hunter, Wilkinson

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10 For An Act To Be Entitled

11 AN ACT TO *AMEND* ARKANSAS CODE 26-26-304

12 PERTAINING TO ASSESSMENT RATIOS.

13

14

Subtitle

15

AN ACT TO *AMEND* ARKANSAS CODE 26-26-304

16

PERTAINING TO ASSESSMENT RATIOS.

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

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21 *SECTION 1. Arkansas Code 26-26-304 is amended to read as follows:*

22 *26-26-304. Ratio of assessed value to market value in the assessment*
23 *year reappraised values are placed on the assessment rolls —~~Effect on state~~*
24 *~~aid or turnback funds.~~*

25 *(a)(1)(A) The Assessment Coordination Department shall prepare a ratio*
26 *study for the purpose of determining the average ratio of full assessed value*
27 *to the true and full market or actual value of real property, by*
28 *classifications, in each of the several counties and school districts of the*
29 *state in the assessment year reappraised values are placed on the assessment*
30 *rolls.*

31 *(B)(i) This ratio study shall be based on sales to*
32 *assessment ratios, supplemented with appraisal to assessment ratios as*
33 *required to meet generally accepted statistical techniques.*

34 *(ii) The study shall determine the actual assessment*
35 *level of real estate as required by law, including the value of agricultural*
36 *lands that qualify for use/productivity valuation, by classification such as*

1 residential, commercial/industrial, agricultural, et cetera.

2 (iii) No later than January 31 of every year, all
 3 counties shall report, by electronic transmission, sales data to the
 4 Assessment Coordination Department. The sales data shall include a listing of
 5 each property transferred under a warranty or special warranty deed, the
 6 consideration paid, the date of the sale, the parcel number, the legal
 7 description, the names of the grantor and grantee, the most recent assessed
 8 value of the property, and the other data prescribed by the Assessment
 9 Coordination Department.

10 (iv) The sales to assessment ratio study shall
 11 include sales data for the calendar year previous to the assessment year. In
 12 those instances when the number of appropriate sales from the calendar year
 13 previous to the assessment year is insufficient to present a statistically
 14 sound sample, the sales to assessment ratio study may include sales data for
 15 the three (3) calendar years previous to the assessment year. The department
 16 shall report the preliminary sales to assessment ratio studies to the assessor
 17 and county judge on or before ~~February~~ March 1 of the assessment year.

18 (2) The department shall supplement the sales to assessment ratio
 19 with appraisals as required and report the original combined real property
 20 ratios to the assessor, and county judge, ~~and to the proper fiscal officials~~
 21 ~~who disburse all state aid or turnback from all sources accruing to those~~
 22 ~~counties, municipalities, and school districts by August 1 of the assessment~~
 23 ~~year and each subsequent year.~~

24 (3) In conducting the studies, the department shall use generally
 25 accepted valuation procedures, statistical compilation, and analysis
 26 techniques found in the International Association of Assessing Officers
 27 standards on ratio studies.

28 (b)(1) A An annual ratio study for the purpose of determining the
 29 average ratio of assessed value to the true and full market or actual value of
 30 personal property in each of the several counties of the state also shall be
 31 made. This ratio study of personal property shall be based upon a physical
 32 examination of the records of each assessor's office to determine the degree
 33 of compliance with the criteria as established by the Personal Property
 34 Manual.

35 (2) The personal property original ratio study shall be certified
 36 by the ~~division~~ department to the county judge and county ~~tax~~ assessor of each

1 county, and to the proper fiscal officials that disburse all state aid or
2 turnback from all sources accruing to the county, municipalities, and school
3 districts by August 1 of each year.

4 ~~(3) The assessed value of real and personal property in each~~
5 ~~county shall be placed on the tax record at eighteen percent (18%) of true and~~
6 ~~full market or actual value for the assessment year 1959 and thereafter at~~
7 ~~twenty percent (20%) of the true and full market or actual value for the~~
8 ~~assessment year 1960 and subsequent assessment years.~~

9 (c)(1) The county assessor shall, on or before August 1 of each year,
10 report to the ~~division~~ department, by total of items and value, the total
11 assessment of the county as made by the assessor.

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

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

27 ~~(4)(A) The county clerk shall certify to the division, on or~~
28 ~~before December 1 of each year, the total assessed valuation of personal and~~
29 ~~real property in the county as equalized and certified by the board of~~
30 ~~equalization.~~

31 ~~(B) If the division shall determine that the total assessed~~
32 ~~valuation of personal and real property in any county has increased in an~~
33 ~~amount sufficient to raise the total assessed valuation to the percentage of~~
34 ~~assessed valuation as required by law, the division shall, on December 31 of~~
35 ~~each year, certify to the county judge and county assessor that the county has~~
36 ~~met the percentage of assessed valuation as required by law for such year.~~

1 ~~(C) In the case of any county that has not met the~~
2 ~~requirements noted, this fact and the percentage of assessed valuation of the~~
3 ~~county shall be certified on December 31 of each year to the county judge,~~
4 ~~county assessor, and the fiscal officers of this state that disburse all state~~
5 ~~aid or turnback to the county.~~

6 ~~(D)(i) In accordance with the determination of the final~~
7 ~~average ratio of assessed values to the true and full market or actual value~~
8 ~~of all property in any county annually, a portion of all state aid or turnback~~
9 ~~from all sources accruing to the deficient county, all municipalities and~~
10 ~~school districts therein during the current fiscal year shall be withheld by~~
11 ~~the fiscal officials that disburse all state aid or turnback from all sources~~
12 ~~if the average ratio of assessed value to the true and full market or actual~~
13 ~~value in any county is certified to be less than eighteen percent (18%) for~~
14 ~~each assessment year.~~

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

21 ~~(iii) In the event, however, that any unit of~~
22 ~~government so affected can make proper showing to the division on or after~~
23 ~~August 1 of the following year that the property in such unit of government is~~
24 ~~assessed at not less than eighteen percent (18%) of true and full market or~~
25 ~~actual value for each assessment year, then upon recertification by the~~
26 ~~division to the proper fiscal officers of the state, those funds that have~~
27 ~~been withheld shall be released to the county or taxing unit.~~

28 ~~(iv) The officials of each unit of government shall~~
29 ~~have a right to examine the records of the division and discuss any problems~~
30 ~~that might arise with the proper officers of the division.~~

31 ~~(d)(1) The moneys to be withheld shall remain in the State Treasury~~
32 ~~fund from which the allocations or turnbacks are made until December 31 of the~~
33 ~~year for which the moneys are withheld.~~

34 ~~(2) In the event that any taxing unit from which the funds are~~
35 ~~withheld shall, prior to December 31 of the year for which funds are withheld,~~
36 ~~meet the percentage requirement as provided in subsection (c) of this section,~~

1 ~~then the moneys so withheld shall be released to the taxing unit.~~

2 ~~(3) The withholding of such moneys shall in no manner be~~
3 ~~construed as a lowering of the percentage assessment mandate, as provided in §~~
4 ~~26-26-303, but as a penalty for not complying with the mandate.~~

5 ~~(e) Moneys withheld in the respective State Treasury funds and not~~
6 ~~released as provided in subsection (d) of this section shall, on December 31~~
7 ~~of the year for which the funds are withheld, or as soon thereafter as~~
8 ~~practicable, be distributed pro rata to the units of government meeting the~~
9 ~~requirements of subsection (c) of this section in the current calendar year.~~

10 ~~(f)(d)~~ Whenever any county assessor or deputy assessor attends a school
11 or instructional meeting pursuant to the request of the commission, he shall
12 be entitled to reimbursement for his travel expenses which shall be paid by
13 the commission upon filing of a proper claim therefor. The assessor and his
14 deputies shall also be entitled to reimbursement for travel expenses within
15 the county in performance of their duties as required by this section, which
16 shall be paid by the county. All reimbursements for travel expenses shall be
17 limited to the actual and necessary expenses incurred, and the total expenses
18 incurred, other than for transportation, for travel within the county shall
19 not exceed one-half (1/2) the daily maximum amount authorized for travel of
20 state employees within the state, and, for travel outside the county, the
21 amount shall not exceed the daily maximum amount authorized for travel of
22 state employees within the state, in accordance with state travel laws and
23 regulations. The transportation expenses shall not exceed the actual amount
24 paid except that the reimbursement for use of a private automobile shall be at
25 the same rate per mile as is allowed in the reimbursement of state employees
26 under the state travel laws and regulations for transportation expenses for
27 each mile actually and necessarily traveled by such automobile, within and
28 without the county.

29 ~~(g)(1)(e)(1)~~ In addition to the other provisions of this section,
30 whenever the August 1 ratio for the classifications of market value real
31 estate, personal property (business), or personal property (auto and other) or
32 agri (agricultural and timber) falls below eighteen percent (18%) or above
33 twenty-two percent (22%) of full fair market value ~~for the second consecutive~~
34 ~~August 1 ratio study~~, the county shall be deemed to have failed the ratio
35 study and shall be subject to the ~~penalties and~~ corrective actions outlined in
36 subdivision ~~(c)(4)(D)(f)~~ of this section.

1 (2) ~~Further, where the weighted coefficient of dispersion about~~
2 ~~the median ratio, as defined by the Assessment Coordination Department, for~~
3 ~~market value real estate exceeds twenty (20) for the second consecutive August~~
4 ~~1 ratio study, the county shall be deemed to have failed the ratio study and~~
5 ~~will be subject to the penalties and corrective actions outlined in~~
6 ~~subdivision (c)(4)(D) of this section or the withholding of five percent~~
7 ~~(5%) of all state turnback funds for all taxing units in the county, whichever~~
8 ~~is greater when a ratio study determines that the county does not meet the~~
9 ratio standards found in the International Association of Assessing Officers
10 standards on ratio studies the county shall be deemed to have failed the ratio
11 study and shall be subject to the corrective actions outlined in subdivision
12 (f) of this section.

13 (3) The department may conduct a county ratio study, in full or
14 in part, at any time the department determines that a county has engaged in
15 inappropriate assessment roll changes or manipulations.

16 (f)(1) When a county has failed the ratio study, the department shall
17 direct and supervise a detailed market value and assessment value analysis of
18 the area or class indicating a deficiency in order to determine the political
19 subdivisions and/or neighborhoods and/or appraisal methodology in need of
20 assessment value adjustments. When appropriate assessment value adjustments
21 are determined for the county, the county shall place the assessment value
22 adjustments on the assessment rolls of the county in a manner that is most
23 equitable for the taxpayers of the county for taxation according to the laws
24 of this state. The Assessment Coordination Department and counties employing
25 contracted appraisal services shall bear no additional expense for correcting
26 a failed ratio study if the failure is found to be the fault of the
27 contractor. The contractor shall bear the cost of these additional services.

28 (2) In the case where a county fails to place the assessment
29 value adjustments on the assessment rolls of the county as directed by the
30 department, the department is authorized to notify the disbursing agents of
31 the State of Arkansas to withhold the funds accruing to the county from all
32 sources until the time as the adjustments are made. If the adjustments are
33 not made for one (1) year the withheld funds shall not be reimbursed to the
34 county and shall be deposited in the State General Fund and withholding shall
35 begin for the following year.

36 (g) If a county is aggrieved at the findings of the department the

1 county may appeal the findings of the department to the department director.
2 The officials of each unit of government affected shall have the right to
3 examine the records of the department that pertain to the ratio findings or
4 value adjustment order for that unit of government.

5 ~~(3) This subsection shall be effective beginning with the August~~
6 ~~preliminary ratio study for 1998.~~

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/s/ Milum

APPROVED: 3/28/2001