

Stricken language would be deleted from and underlined language would be added to the Arkansas Constitution.

1 State of Arkansas
2 85th General Assembly
3 Regular Session, 2005

HJR 1020

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

9 PROPOSING AN AMENDMENT TO THE ARKANSAS
10 CONSTITUTION TO REVISE PROVISIONS CONCERNING
11 PROPERTY TAX; TO DELETE CERTAIN PROVISIONS OF
12 AMENDMENT 79 LIMITING ASSESSMENTS; TO AMEND
13 ARTICLE 16, SECTION 14 TO EXCLUDE NEWLY
14 DISCOVERED REAL PROPERTY FROM THE CALCULATION FOR
15 DETERMINING WHETHER THERE SHOULD BE AN ADJUSTMENT
16 OF PROPERTY TAXES; TO ELIMINATE CERTAIN
17 ADJUSTMENT PROCEDURES; AND TO EXCLUDE FROM THE
18 ADJUSTMENTS THE UNIFORM RATE OF AD VALOREM
19 PROPERTY TAX UNDER AMENDMENT 74.
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21 **Subtitle**

22 PROPOSING AN AMENDMENT TO THE ARKANSAS
23 CONSTITUTION TO REVISE PROVISIONS
24 CONCERNING PROPERTY TAX.
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27 BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE EIGHTY-FIFTH GENERAL
28 ASSEMBLY OF THE STATE OF ARKANSAS AND BY THE SENATE, A MAJORITY OF ALL
29 MEMBERS ELECTED TO EACH HOUSE AGREEING THERETO:
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31 That the following is proposed as an amendment to the Constitution of
32 the State of Arkansas, and upon being submitted to the electors of the state
33 for approval or rejection at the next general election for Representatives
34 and Senators, if a majority of the electors voting thereon at the election,
35 adopt the amendment, the amendment shall become a part of the Constitution of
36 the State of Arkansas, to wit:



1
2 SECTION 1. Section 1 of Amendment 79 to the Arkansas Constitution is
3 amended to read as follows:

4 1. ~~{Assessing value of real property}.~~

5 ~~(a) After each county wide reappraisal, as defined by law, and the~~
6 ~~resulting assessed value of property for ad valorem tax purposes and after~~
7 ~~each Tax Division appraisal and the resulting assessed value of utility and~~
8 ~~carrier real property for ad valorem tax purposes, the county assessor, or~~
9 ~~other official or officials designated by law, shall compare the assessed~~
10 ~~value of each parcel of real property reappraised or reassessed to the prior~~
11 ~~year's assessed value. If the assessed value of the parcel increased, then~~
12 ~~the assessed value of the parcel shall be adjusted pursuant to this section.~~

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

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

27 ~~(c)(1) Except as provided in subsection (d), if the parcel is a~~
28 ~~taxpayer's homestead used as the taxpayer's principal place of residence then~~
29 ~~for the first assessment following reappraisal, any increase in the assessed~~
30 ~~value of the parcel shall be limited to not more than five percent (5%) of~~
31 ~~the assessed value of the parcel for the previous year. In each year~~
32 ~~thereafter the assessed value shall increase by an additional five percent~~
33 ~~(5%) of the assessed value of the parcel for the year prior to the first~~
34 ~~assessment that resulted from reappraisal but shall not exceed the assessed~~
35 ~~value determined by the reappraisal prior to adjustment under this~~
36 ~~subsection.~~

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

3 ~~(d)(1)(A)(a)(1)~~ A homestead used as the taxpayer's principal place of
 4 residence purchased or constructed on or after January 1, 2001 by a disabled
 5 person or by a person sixty-five (65) years of age or older shall be assessed
 6 thereafter based on the lower of the assessed value as of the date of
 7 purchase or construction or a later assessed value.

8 ~~(B)(2)~~ When a person becomes disabled or reaches sixty-five (65)
 9 years of age on or after January 1, 2001, that person's homestead used as the
 10 taxpayer's principal place of residence shall thereafter be assessed based on
 11 the lower of the assessed value on the person's sixty-fifth birthday, on the
 12 date the person becomes disabled or a later assessed value.

13 ~~(C)(3)~~ If a person is disabled or is at least sixty-five (65)
 14 years of age and owns a homestead used as the taxpayer's principal place of
 15 residence on January 1, 2001, the homestead shall be assessed based on the
 16 lower of the assessed value on January 1, 2001 or a later assessed value.

17 ~~(2)(b)~~ Residing in a nursing home shall not disqualify a person from
 18 the benefits of this ~~subsection (d) section~~.

19 ~~(3)(c)~~ In instances of joint ownership, if one of the owners qualifies
 20 under this ~~subsection (d) section~~, all owners shall receive the benefits of
 21 this amendment.

22 ~~(4)(d)~~ This ~~subsection (d) section~~ does not apply to substantial
 23 improvements to real property.

24 (5) For real property that is subject to Section 2 of this
 25 Amendment in lieu of January 1, 2001, the applicable date for this
 26 subsection (d) shall be January 1 of the year following the completion of the
 27 adjustments to assessed value required by Section 2.

28
 29 SECTION 2. Section 14 of Article 16 of the Arkansas Constitution is
 30 amended to read as follows:

31 14. Procedure for adjustment of taxes after reappraisal or
 32 reassessment of property.

33 (a) Whenever a countywide reappraisal or reassessment of property
 34 subject to ad valorem taxes made in accordance with procedures established by
 35 the General Assembly shall result in an increase in the aggregate value of
 36 taxable real and personal property, less newly discovered real property, in

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

18 ~~(i) By excluding from such calculation the assessed~~
19 ~~value of, and taxes derived from, tangible personal property assessed in the~~
20 ~~taxing unit, and all real and tangible personal property of public utilities~~
21 ~~and regulated carriers assessed in the taxing unit, and~~

22 ~~(ii) By computing the adjusted or rollback millage~~
23 ~~rates on the basis of the reassessed taxable real property for the base year~~
24 ~~that will produce an amount of revenue no greater than ten percent (10%)~~
25 ~~above the revenues produced from the assessed value of real property in the~~
26 ~~taxing unit (after making the aforementioned adjustments for personal~~
27 ~~properties and properties of public utilities and regulated carriers noted~~
28 ~~above) from millage rates in effect in the taxing unit during the base year~~
29 ~~in which the millage adjustment or rollback is to be calculated. Provided,~~
30 ~~further, that in calculating the amount of adjusted or rollback millage~~
31 ~~necessary to produce tax revenues no greater than ten percent (10%) above the~~
32 ~~revenues received during the previous year, the governing body shall separate~~
33 ~~from the assessed value of taxable real property of the taxing unit, newly-~~
34 ~~discovered real property and new construction and improvements to real~~
35 ~~property, after making the adjustments for personal property or property of~~
36 ~~public utilities and regulated carriers noted above, and shall compute the~~

1 millage necessary to produce an amount of revenues equal to, but no greater
 2 than the base year revenues of the taxing unit from each millage source. Such
 3 taxing unit may elect either to obtain an increase in revenues equal to the
 4 amount of revenues that the computed or adjusted rollback millage will
 5 produce from newly discovered real property and new construction and
 6 improvements to real property, or if the same be less than ten percent (10%),
 7 the governing body of the taxing unit may recompute the millage rate to be
 8 charged to produce an amount no greater than ten percent (10%) above the
 9 revenues collected for taxable real property during the base year.

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

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

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

35 (2) The amount of taxes due on the assessed valuation of taxable
 36 real and tangible personal property belonging to the public utilities or

1 regulated carriers located in or assigned to the taxing unit in each county
2 at millage rates levied for the current year.

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

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

15		
16	Current year of	Taxes shall be current year taxes
17	second period of (5)	to which shall be added the
18	years	following percentage of the
19		difference between the current
20		year taxes and the base year taxes
21		(if greater than current year taxes)
22	1st year	80% of difference
23	2nd year	60% of difference
24	3rd year	40% of difference
25	4th year	20% of difference
26	5th year and thereafter	Current years taxes only.

27
28 (ii) If the current year taxes of a public utility
29 or regulated carrier equal or exceed the base years taxes due a taxing unit
30 during any year of the first ten (10) years after the base year, the amount
31 of taxes to be paid to such taxing unit shall thereafter be the current years
32 taxes and the adjustment authorized herein shall no longer apply in computing
33 taxes to be paid to such taxing unit.

34 Provided, that in the event the aforementioned requirement for payment
35 of taxes by public utilities and regulated carriers, or any class of
36 utilities or carriers for the ten (10) year period noted above, shall be held

1 ~~by court decision to be contrary to the constitution or statutes of this~~
2 ~~State or of the Federal Government, the General Assembly may provide for~~
3 ~~other utilities or classes of carriers to receive the same treatment provided~~
4 ~~or required under the court order, if deemed necessary to promote equity~~
5 ~~between similar utilities or classes of carriers.~~

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

13 (b) The adjustment or rollback of property taxes under subsection (a)
14 of this section shall not apply to the uniform rate of ad valorem property
15 tax required under Amendment 74 to the Constitution of the State of Arkansas.

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