

SUBJECT: Rule 4.08.2; Definitions Relating To Amendment 79

DESCRIPTION: The revision reads as follows:

5. TAXABLE ASSESSED VALUE is the value after ~~the~~ any applicable limitations to Full Assessed Value increases contained in Amendment 79 to the Arkansas Constitution are applied. Taxable Value will be less than or equal to Full Assessed Value.

PUBLIC COMMENT: The department did not hold a public hearing. They did not receive any public comments.

The proposed effective date is September 15, 2012.

CONTROVERSY: This is not expected to be controversial.

FINANCIAL IMPACT: There is no financial impact.

LEGAL AUTHORIZATION: Arkansas Code § 26-26-1905 authorizes the Assessment Coordination Department to develop and implement reappraisal procedures to be followed by counties. Arkansas Code § 26-26-1122 provides that the Assessment Coordination Department may define terms necessary to administer the assessment of property generally.

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RULE 4.08.2
DEFINITIONS RELATING TO AMENDMENT 79

1. CHANGE IN USE - The terms "newly discovered" and "newly constructed" as contained in Arkansas Constitution Article 16, Section 12 and Amendment 79 shall be construed to include change in use.
2. SUBSTANTIAL IMPROVEMENT TO REAL PROPERTY- The term "substantial improvements to real property" as used in Amendment 79, Sections 1(b)(2), 1 (c) (2), and 1(d)(4) means:
 - a. Renovation, reconstruction, and refurbishment occurring to further a change in the use and/or class of an improvement. Upon completion of the renovation, reconstruction or refurbishment the assessor shall note the change in use and reappraise the improvement based upon its prevailing market value in the following assessment year. If multiple improvements reside on the parcel, only those that have been renovated, reconstructed or refurbished shall be reappraised and the remainder shall continue to be valued in accordance with Amendment 79, Sections 1(b)(1), 1(c)(1) or 2(b) whichever is appropriate.
 - b. Renovation, reconstruction, and refurbishment occurring that will add 25% or more to the contributory value of an improvement to the property. Upon completion of the renovation, reconstruction or refurbishment the assessor shall note and document the contributory value increase and reappraise the improvement based upon its prevailing market value in the following assessment year. If multiple improvements reside on the parcel, only those that have been renovated, reconstructed or refurbished shall be reappraised and the remainder shall continue to be valued in accordance with Amendment 79, Sections 1(b)(1), 1(c)(1) or 2(b) whichever is appropriate.
 - c. Newly constructed and newly discovered property shall be assessed at full value.

NOTE: "substantial improvements to real property" as used in Amendment 79, Sections 1(b)(2), 1(c)(2), and 1(d)(4) does not include normal maintenance on an improvement intended to only maintain its existing utility.

3. FULL VALUE (aka market value or appraised value) is a property's most probable selling price or current value estimate as of the statutory valuation date.
4. FULL ASSESSED VALUE (aka Assessed Value) is equal to 20% of the Full Value.
5. TAXABLE ASSESSED VALUE is the value after the any applicable limitations to Full Assessed Value increases contained in Amendment 79 to the Arkansas Constitution are applied. Taxable Value will be less than or equal to Full Assessed Value.

Adopted 10/01/99
Amended 12/20/00
Amended 07/05/04
Amended 09/25/08
Amended 4/26/10
Amended _____