

**Hall of the House of Representatives**  
83rd General Assembly - Regular Session, 2001  
**Amendment Form**

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**Subtitle of House Bill No. 1230**

"AN ACT TO AMMEND ARKANSAS CODE 26-26-304 PERTAINING TO ASSESSMENT  
RATIOS."

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**Amendment No. 2 to House Bill No. 1230.**

Amend House Bill No. 1230 as engrossed, H1/23/01:

Delete SECTIONS 1 and 2 and substitute the following:

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

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

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

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

(ii) The study shall determine the actual assessment level of real estate as required by law, including the value of agricultural lands that qualify for use/productivity valuation, by classification such as residential, commercial/industrial, agricultural, et cetera.

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

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

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

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

(2) The personal property original ratio study shall be certified by the ~~division~~ department to the county judge and county tax assessor of each county, ~~and to the proper fiscal officials that disburse all state aid or turnback from all sources accruing to the county, municipalities, and school districts by August 1 of each year.~~

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

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

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

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

~~(4)(A)~~ (3) The county clerk shall certify to the division, on or before December 1 of each year, the total assessed valuation of personal and real property in the county as equalized and certified by the board of equalization.

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

~~(C) In the case of any county that has not met the requirements noted, this fact and the percentage of assessed valuation of the county shall be certified on December 31 of each year to the county judge,~~

~~county assessor, and the fiscal officers of this state that disburse all state aid or turnback to the county.—~~

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

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

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

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

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

~~(2) In the event that any taxing unit from which the funds are withheld shall, prior to December 31 of the year for which funds are withheld, meet the percentage requirement as provided in subsection (c) of this section, then the moneys so withheld shall be released to the taxing unit.—~~

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

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

~~(f)(d) Whenever any county assessor or deputy assessor attends a school or instructional meeting pursuant to the request of the commission, he shall be entitled to reimbursement for his travel expenses which shall be paid by the commission upon filing of a proper claim therefor. The assessor and his deputies shall also be entitled to reimbursement for travel expenses within the county in performance of their duties as required by this section, which shall be paid by the county. All reimbursements for travel expenses shall be limited to the actual and necessary expenses incurred, and the total expenses incurred, other than for transportation, for travel within the county shall~~

not exceed one-half (1/2) the daily maximum amount authorized for travel of state employees within the state, and, for travel outside the county, the amount shall not exceed the daily maximum amount authorized for travel of state employees within the state, in accordance with state travel laws and regulations. The transportation expenses shall not exceed the actual amount paid except that the reimbursement for use of a private automobile shall be at the same rate per mile as is allowed in the reimbursement of state employees under the state travel laws and regulations for transportation expenses for each mile actually and necessarily traveled by such automobile, within and without the county.

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

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

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

~~(f) When a county has failed the ratio study, the department shall, at the expense of the county, conduct or contract for a detailed market value and assessment value analysis of the area or class indicating a deficiency in order to determine the political subdivisions and/or neighborhoods and/or appraisal methodology in need of assessment value adjustments. Once appropriate assessment value adjustments are determined for the county, the county shall place the assessment value adjustments upon the assessment rolls of the county in a manner that is most equitable for the taxpayers of the county for taxation according to the laws of this state.~~

~~(g) If a county is aggrieved at the findings of the department the county must appeal the findings of the department to the department director. The officials of each unit of government affected shall have the right to examine the records of the department that pertain to the ratio findings or value adjustment order for that unit of government.~~

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

The Amendment was read \_\_\_\_\_  
By: Representative Milum  
LDH/LDH  
LDH003 \_\_\_\_\_ Chief Clerk