

Department of Finance and Administration

Legislative Impact Statement

Bill: HJR1002

Bill Subtitle: AN AMENDMENT TO THE ARKANSAS CONSTITUTION CONCERNING THE TAXATION OF PERSONAL PROPERTY AND REAL PROPERTY IN THE STATE OF ARKANSAS.

Basic Change :

Sponsor: Rep. S. Meeks

HJR1002 proposes submitting to voters an amendment to the Arkansas Constitution authorizing the General Assembly to reduce the rate of or eliminate property taxes levied on personal property that would otherwise be subject to taxation pursuant to Art. 16, § 5 of the constitution. The proposed amendment authorizes the General Assembly to enact legislation that would:

- Reduce the rates of taxation on personal property; and
- Exempt personal property from taxation.

The proposed constitutional amendment would also require that, on or before January 1, 2050, the General Assembly shall provide by law that no tax shall be levied on personal property. The proposed amendment would also provide that any legislation enacted under the amendment would require a majority vote of the members of the General Assembly. The proposed amendment also provides that it would supersede any provision in the Arkansas Constitution in conflict with the amendment.

The proposed amendment would also delete subsection (b) of Section 4 of Amendment 79, which requires that the millage rate levied against taxable personal property and utility and regulated carrier property shall equal the millage rate levied against real property.

If approved by voters, the amendment would be effective on or after January 1, 2025.

Revenue Impact :

No impact to personal property tax collections unless the rates of taxation were reduced, the tax was eliminated on personal property, or an exemption was created.

[According to the Assessment Coordination Division's (ACD) 2022 Annual Report, statewide personal and utility property totaled the following:

Total Taxable Value for Business Personal Property	\$5,801,693,849
Total Taxable Value for Personal Property	\$6,760,196,872
Statewide total of all Personal Property	\$12,561,890,721
State Assessment Rate 20%	
Average Mills (48 mills) .048	
Statewide total taxes paid yearly based on average mills	\$120,594,151]

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Taxpayer Impact :

HJR1002 would authorize the General Assembly to reduce or eliminate property tax on personal property as well as create exemptions for personal property. In addition, HJR1002 would require the General Assembly to provide that no tax would be levied on personal property by January 1, 2050.

Resources Required :

None.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

None.

Other Comments :

None.

Legal Analysis :

None.