



**State of Arkansas
Department of Finance and Administration
Fiscal Impact Statement**

Bill: HB1691

Amendment Number: H1

Bill Subtitle: TO PROVIDE FOR CERTAIN PROPERTY TO BE EXEMPT FROM TAXATION; AND TO PROVIDE THAT CERTAIN MOTOR VEHICLES USED EXCLUSIVELY FOR PUBLIC CHARITY ARE EXEMPT FROM PERSONAL PROPERTY TAX.

Sponsors:

Rep. Torres and Sen. Wallace

Basic Change:

House Amendment No. 1 --- HB1691-H1 (engrossed 3/19/25) provides that a motor vehicle leased by a public charity for a minimum of one year is exempt from property tax only if the vehicle is used exclusively for purposes of public charity.

Original Bill --- HB1691 exempts motor vehicles leased by a public charity for a minimum of one year from property tax.

Under current law, buildings belonging to institutions of purely public charity, the land occupied by those institutions, and all moneys and credits appropriated to sustaining those institutions, are exempt from ad valorem tax. HB1691 expands the exemption to include motor vehicles leased by an institution of public charity for a term of at least 12 months.

HB1691 is effective for assessment years beginning on or after January 1, 2026.

Fiscal Impact:

No impact to state revenues. Local tax entities such as schools, counties, and cities, may see a decrease in property tax revenue.

Taxpayer Impact:

Public charities will no longer be required to pay personal property taxes on motor vehicles used exclusively for purposes of public charity if the motor vehicle is subject to a lease period at least one year.

Resources Required:

Additional training for county assessors and other personnel may be required.

Time Required:

Adequate time has been given for implementation.



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Procedural Changes:

Updates will be required to the Office of Motor Vehicle (OMV) manual and the Department of Finance and Administration website. Training and review sessions will be conducted for State Revenue Office, Office of Drivers Services, and Office of Motor Vehicle employees and staff. County assessors may need to update their office policies for exemption applications.

Other Comments:

None.

Legal Analysis:

House Amendment No. 1 --- HB1691-H1 resolves the first issue noted below by adding the word "exclusively." HB1691-H1 does not address the second issue noted below.

Original Bill --- HB1691 may benefit from an amendment to add the word "purely" before "public charity" on page 2, line 15. HB1691 may also benefit from an amendment to address the permissible use of the motor vehicles leased by the public charity.

Ark. Const. Art. 16, § 6 provides that "all laws exempting property from taxation, other than as provided in this Constitution shall be void." Ark. Const. Art. 16, § 5 provides an exemption for "buildings and grounds and materials used exclusively for public charity." The Constitution does not appear to contain an exemption for motor vehicles leased by an institution of public charity.