

**SUMMARY OF PROPOSAL #7**  
*for consideration by the*  
**ARKANSAS TAX REFORM AND RELIEF LEGISLATIVE TASK FORCE**

**TOPIC: Arkansas Assessment Coordination Department**

**Summary of Proposal for Consideration**

To amend Arkansas law to transfer the Assessment Coordination Department (ACD) into the Department of Finance and Administration (DFA), effective July 1, 2019.

**Fiscal Analysis**

DFA is unable to provide a fiscal or administrative impact on this proposal.

**Legal Analysis**

***Background***

ACD is the state department charged with supervising the valuation, assessment, and equalization of all property for ad valorem property tax purposes in Arkansas, except utility property. ACD is also charged with overseeing the assessors, equalization boards, and tax collectors to ensure that all assessments of property are conducted in substantial compliance with Arkansas law. Ark. Code Ann. §§ 26-24-101 et seq. and 26-26-1901 et seq. Accordingly, ACD is charged with the following duties, among others, related to ensuring a uniform assessment of property for ad valorem property tax in Arkansas:

- Prepare and furnish real and personal property assessment guidelines for use by assessors and equalization boards;
- Prescribe appraisal, assessment, and record forms for use by county assessors throughout Arkansas; and
- Confer with, advise, and assist county assessors and equalization boards.

ACT 436 of 1997 created ACD and transferred the Assessment Coordination Division of the Public Service Commission to ACD using a type 2 transfer.

Under Arkansas law, there are four (4) types of departmental transfers. Ark. Code Ann. §§ 25-2-104 – 107. The following provides a brief summary of the four types of departmental transfers:

**Type 1 Transfer (Ark. Code Ann. § 25-2-104)**

Under a type 1 transfer, the transferring department is transferred to a principal department. Upon the transfer, the transferred department is administered under the direction and supervision of the principal department, but the transferred department retains the same prescribed statutory powers, authorities, duties, and functions as it had before the transfer with the ability to exercise powers independently of the principal department. Following a type 1 transfer, the members of any statutory board or commission that is transferred to the principal department will continue to

serve and be selected for the terms provided to the board or commission as applicable by statute. Under a type 1 transfer, all budgeting, purchasing, and related management functions of any transferred department is performed by the transferred department under the direction and supervision of the head of the principal department.

Type 2 Transfer (Ark. Code Ann. § 25-2-105)

A type 2 transfer is a complete transfer of all powers of the transferred department to the principal department, but the transferred department is not abolished. Upon the transfer, all of the powers, duties, and functions are transferred to the head of the principal department. Following a type 2 transfer, the members of any statutory board or commission that is transferred will continue to serve and be selected for the terms provided to the board or commission as applicable by statute.

Type 3 Transfer (Ark. Code Ann. § 25-2-106)

A type 3 transfer abolishes the existing department and transfers the entirety of the transferring department to the principal department. A type 3 transfer transfers of all of the transferred department's powers, duties, and functions to the head of the principal department.

Type 4 Transfer (Ark. Code Ann. § 25-2-107)

A type 4 transfer allows a board or commission of a transferred department to retain its duties and functions while the department and its records, personnel, property, and funds are transferred to the principal department. Following a type 4 transfer, the members of any transferred statutory board or commission and their successors continue to be selected in the manner and serve for the terms provided by the statutes applicable to the board or commission.

***Potential Legal Issues***

None.

***Other States***

- Iowa: In Iowa, every county in the state of Iowa has an office of assessor that performs the assessment and appraisal of property. (IA St. §§ 441.1 and 441.18). However, the Iowa Department of Revenue directly assists local governments in making property tax assessments fair and in compliance with the law. (IA St. § 421.17). The department does not collect property taxes. Instead, the role of the department as it relates to the assessment of property tax includes without limitation issuing equalization orders, providing technical assistance and educational programs for assessors and members of the boards of review, issuing regulations, supervising assessor offices and the boards of review, and creating an appraisal manual that each county shall use to assess and value property. (IA St. § 421.17).
- Louisiana: In Louisiana, the Louisiana Tax Commission is charged with administering and enforcing all laws related to the state supervision of local

property tax assessments and the assessment of public service properties. (LA St. § 47:1831). The commission is also charged with measuring the level of appraisals and the degree of uniformity of assessments for each major class and type of property in each parish in the state. (LA St. § 47:1837(B)).

In order to promote compliance with the requirements of the laws of Louisiana, the commission is charged with issuing, amending, and revising rules and regulations containing minimum standards of assessment and appraisal. The commission is also charged with creating and requiring the use of all forms necessary for the effective administration of property tax laws, creating guidebooks for use by local assessors that describe the rules and regulations related to property assessment, creating appraisal manuals, reference bulletins, and digests of property tax laws, and developing, maintaining, and enforcing a uniform statewide system for the preparation of assessment lists, tax rolls, and all other necessary forms. (LA St. § 47:1837(D)). The commission may also conduct or sponsor in-service, pre-entry, and intern training programs in conjunction with the Louisiana Assessors' Association on the technical, legal, and administrative aspects of the assessment process. (LA St. § 47:1837(F)).

- Mississippi: In Mississippi, the Department of Revenue is responsible for conferring with and advising assessing officers, boards of supervisors, and other county officers as to their duties relative to ad valorem tax assessment and advising assessors and county boards regarding the collection, filing, and preservation of data relative to matters of assessment. (MS St. § 27-3-31(k)). The department is charged with investigating and ascertaining what property, if any, is escaping taxation or assessment. (MS St. § 27-3-39). The department is also required under Mississippi law to visit each county and to become familiar with the character and values of the classes of property within each county of the state, and to determine whether existing laws are defective, or improperly or negligently administered. When visiting each county, the department must investigate the work and methods adopted by the board of supervisors and county tax assessors and determine whether existing laws are defective, or improperly or negligently administered. (MS St. § 27-3-51). The department is also tasked with investigating all matters of taxation and making recommendations to the legislature at each regular session regarding what changes and alterations to the tax laws would create a better, equitable, adequate, just, and thorough system of taxation and valuation of property. (MS St. § 27-3-49).
- Missouri: In Missouri, each county assessor's work is subject to review by the County Board of Equalization and the State Tax Commission. The commission is the state agency charged with general supervision of the assessors and with enforcing property tax laws. (MO St. § 138.410). The commission is also charged with creating forms and providing instructions to each county clerk regarding the assessment of property and providing opinions and advice on questions related to the assessment of property. (MO St. § 138.320). At least once a year, a member of the commission is required to visit each county and inquire about the methods of

assessment and taxation used by the county to ensure compliance with the law. (MO St. § 138.415). The commission has the authority to investigate the tax laws of other states and countries, to formulate and submit to the legislature such recommendations as the commission may deem expedient to prevent evasions of property tax assessment and Missouri property tax laws, to promote equal and uniform taxes, and improve the system of assessment and taxation. (MO St. § 138.380(4)). The Director of Revenue has no authority over the commission. (MO St. § 138.190).

- Oklahoma: In Oklahoma, the Ad Valorem Division of the Oklahoma Tax Commission has the authority and duty to:
  - Confer with and assist county assessors and county boards of equalization in the performance of their duties so that all assessments of property are just and uniform and real property and tangible personal property is assessed at its fair cash value;
  - Conduct training schools, institutes, conferences, and meetings for the purpose of improving the qualifications of county assessors and their deputies;
  - Prescribe forms for the county assessors to use during the assessment procedure, including property classification and appraisal forms;
  - Prepare and furnish to county assessors an assessors' manual, which includes information relating to the valuation methodologies for property;
  - Recommend rules to the commission establishing uniform procedures and standards for the appraisal of real property by county assessors; and
  - Promptly notify county assessors, county treasurers and members of county excise and equalization boards of any changes to the laws relating to ad valorem property tax.

(68 OK St. § 2875).

Additionally, the commission is required to create rules, regulations, and guidelines for the general guidance and assistance of county assessors. (68 OK St. § 2825). Finally, the commission is required to monitor the progress of valuation in each county and establish guidelines for determining when an assessment is out of compliance with the law or rules governing the valuation of taxable property. (68 OK St. § 2830).

- Tennessee: In Tennessee there is a Division of Property Assessments in the Office of the Comptroller of the Treasury that oversees ad valorem property tax assessment. (TN St. § 67-1-201). The division, subject to the policies, rules, and regulations adopted by the Board of Equalization, has the following duties:
  - Supervise and direct all reappraisals and revaluation programs;
  - Prescribe rules and regulations that relate to the administration of the duties of assessors of property;
  - Prepare and furnish forms that are required to be used by the assessors;

- Assist the board in the preparation of an assessment manual or manuals for the appraisal, classification, and assessment of property for use by local assessors in making their assessments of particular classes or parcels of property;
- Assist the board in conducting the educational and training courses for state and local assessing officials;
- Effect the assessment of all property in the state in accordance with the state constitution and all statutory provisions; and
- Require that counties and other taxing jurisdictions take the steps necessary to assure that reappraisal and revaluation programs are maintained and updated in accordance with the instructions, policies, rules, and regulations adopted by the board.

(TN St. § 67-1-202).

The division, under the direction and supervision of the board, develops methods and procedures to assist and guide local assessors of property in officially administering the annual assessment process. (TN St. § 67-1-205).

- Texas: In Texas, the Comptroller is required to adopt rules establishing minimum standards for the administration and operation of an appraisal district, including the minimum standards and the kinds of property the district is responsible for appraising. (TX St. Tax Code § 5.03). The comptroller is responsible for setting standards for and approving curricula and materials for use in training and educating appraisers and assessor-collectors. (TX St. Tax Code § 5.04). The comptroller may prepare and issue publications relating to the appraisal of property and the administration of taxes, or he or she may approve other publications relating to those matters for use in the administration of property taxes, including appraisal manuals, an annotated version of the laws regarding property tax, and a handbook containing select laws and rules promulgated by the comptroller relating to property tax and its administration. (TX St. Tax Code § 5.05).

The comptroller is also responsible for prescribing the contents of all forms necessary for the administration of the property tax system and furnishing copies of model forms to the appropriate local officials upon request. (TX St. Tax Code § 5.07). Further, at least once every two (2) years, the comptroller must review the governance of each appraisal district and the operating and appraisal standards, procedures, and methodology used by each appraisal district to determine whether the appraisal district is complying with generally accepted standards, procedures, and methodology under Texas law. (TX St. Tax Code § 5.102(a)).