

1 **State of Arkansas**
2 **79th General Assembly**
3 **Regular Session, 1993**
4 **By: Senators Hardin and Scott**

A Bill

SENATE BILL

For An Act To Be Entitled

"AN ACT TO ESTABLISH A PROCEDURE FOR THE EQUALIZATION OF
AD VALOREM TAX MILLAGE RATES ON REAL AND TANGIBLE PERSONAL
PROPERTY INCLUDING PROPERTY OF UTILITIES AND CARRIERS IN
ALL TAXING UNITS IN THE STATE; AND FOR OTHER PURPOSES."

Subtitle

"AN ACT TO ESTABLISH A PROCEDURE FOR THE EQUALIZATION OF
AD VALOREM TAX MILLAGE RATES."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. It is hereby found and determined by the General Assembly that throughout the history of the ad valorem property tax in Arkansas from the date of the adoption of the Arkansas Constitution of 1874 until the adoption of Amendment 59 at the November General Election in 1980, the same rate of tax was applied to both real and personal property subject to the tax; that the provisions of Amendment 59 to the Arkansas Constitution relating to the rollback of millages, the freezing of revenues from personal property taxes, the phase-in of the tax effects of the rollback on utilities and carriers were all designed to minimize the impact of the statewide reappraisal on various classes of property; that the freezing of the revenue level from personal property and the phase-in procedure for property of utilities and carriers resulted in different rates of taxes being applied to personal property and real property, including property of utilities and carriers, but that it was the intent of the General Assembly when it referred the proposed amendment to the voters and the intent of the voters when they adopted Amendment 59 that different tax rates on real and personal property, including

1 property of utilities and carriers, which resulted from the provisions of
2 Amendment 59 were to be temporary and that after a reasonable period of time
3 for adjustment, the rate of taxes on real and personal property, including the
4 rate of taxes on property of utilities and carriers was to be equalized; that
5 several years have now passed since the adoption of Amendment 59 and although
6 the rates of tax on real and personal property have been equalized in some
7 taxing units, it is apparent that equalization of such rates in other taxing
8 units will not occur for many years, if ever; that the application of
9 different rates of taxes on real and personal property, including property of
10 utilities and carriers, creates serious administrative problems, results in
11 inequities in the application of the ad valorem tax to the various types of
12 property owners contrary to the intent of the Arkansas Constitution, and is
13 not in the best interest of taxpayers, taxing units, or tax administrators;
14 and that the best interest of all those involved would be served by the
15 establishment of a procedure for equalizing such tax rates as soon as is
16 practical. It is therefore the intent and purpose of this act to establish a
17 fair and equitable procedure for equalizing ad valorem tax rates on real and
18 personal property, including utility and carrier property, and to minimize the
19 impact of such adjustment on all parties involved.

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21 SECTION 2. For purposes of this act, the term "taxing unit" means any
22 local governmental body having a separate board, council, or quorum court that
23 is established and recognized by law and which has the authority to levy taxes
24 or to refer a tax levy to a vote of the electors for approval or rejection.

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26 SECTION 3. In order to equalize ad valorem tax rates on real and
27 personal property and to establish a single official millage rate to be
28 applied to all taxable property in each taxing unit, the following procedures
29 shall be followed in determining the single official tax rate in each taxing
30 unit in the State:

31 (a) In any taxing unit in which the millage rate on real property is
32 higher than the millage rate on personal property, the single official millage
33 rate shall be the rate levied on real property and that rate shall be applied
34 to all real and tangible personal property subject to taxation in the taxing
35 unit.

1 (b) In any taxing unit in which the millage rate on personal property
2 is higher than the millage rate on real property, the single official millage
3 rate to be applied to all taxable real and personal property in the taxing
4 unit shall be determined by dividing the sum total of all ad valorem taxes
5 certified for collection on real, personal and utility properties in the
6 taxing unit in the year in which this act becomes effective, adjusted by
7 millage changes approved during that same year, by the sum total of all
8 assessments of real, personal and utility property for the year immediately
9 prior to the year in which this act takes effect. The resulting millage shall
10 be rounded up to the nearest one-tenth of a mill and that rate shall be
11 applied to all taxable real, personal and utility property in the taxing unit.

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13 SECTION 4. The provisions of this act shall be applicable with respect
14 to ad valorem tax millage rates levied in November of the year in which this
15 act becomes effective for taxes to be collected in the following year.

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17 SECTION 5. All provisions of this act of a general and permanent nature
18 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
19 Revision Commission shall incorporate the same in the Code.

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21 SECTION 6. If any provision of this act or the application thereof to
22 any person or circumstance is held invalid, such invalidity shall not affect
23 other provisions or applications of the act which can be given effect without
24 the invalid provision or application, and to this end the provisions of this
25 act are declared to be severable.

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27 SECTION 7. The provisions of this act shall be supplemental to the
28 present laws relating to the assessment of property for ad valorem tax
29 purposes and shall repeal only those laws in direct conflict with this act.

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