

1 State of Arkansas  
2 80th General Assembly  
3 Regular Session, 1995  
4 By: Senator Scott

# A Bill

SENATE BILL 753

## For An Act To Be Entitled

8 "AN ACT TO AMEND ARKANSAS CODE 26-26-304 PERTAINING TO THE  
9 EFFECT THAT THE RATIO OF ASSESSED VALUE TO MARKET VALUE  
10 HAS ON STATE AID AND TURNBACK FUNDS."

## Subtitle

13 "TO AMEND ARKANSAS CODE 26-26-304  
14 PERTAINING TO THE EFFECT THAT THE RATIO  
15 OF ASSESSED VALUE TO MARKET VALUE HAS ON  
16 STATE AID AND TURNBACK FUNDS."

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

20 *SECTION 1. It is hereby found and determined by the General Assembly*  
21 *that the Uniform Standards of Professional Appraisal Practices as promulgated*  
22 *by the Appraisal Foundation and mass appraisal techniques and methodologies*  
23 *recommended by the International Association of Assessing Officers are*  
24 *suitable for use as guidelines in appraising and assessing property for ad*  
25 *valorem tax purposes and that officials having the responsibility for*  
26 *appraising property for ad valorem tax purposes should be authorized to use*  
27 *such practices, techniques and methodologies when and to the extent*  
28 *practicable.*

30 SECTION 2. Arkansas Code 26-26-304 is amended to read as follows:

31 "26-26-304. Ratio of assessed value to market value - Effect on state  
32 aid or turnback funds.

33 (a)(1)(A) The Assessment Coordination Division of the Public Service  
34 Commission shall prepare a ratio study for the purpose of determining the  
35 average ratio of assessed value to the true and full market or actual value

1 of real property, by classifications, in each of the several counties and  
2 school districts of the state.

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

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

10 (iii) The sales/assessment ratio study shall include sales data for  
11 the calendar year previous to the assessment year. The Assessment  
12 Coordination Division shall report the preliminary sales/assessment ratios to  
13 the assessor and county judge on or before February 1 of the assessment year.

14 (2) The Assessment Coordination Division shall supplement the  
15 sales/assessment ratio with appraisals as required and report the original  
16 combined real property ratios to the assessor, county judge, and to the  
17 proper fiscal officials that disburse all state aid or turnback from all  
18 sources accruing to those counties, municipalities, and school districts by  
19 August 1 of the assessment year and each subsequent year.

20 (3) In conducting the studies, the Assessment Coordination Division  
21 shall use generally accepted valuation procedures, statistical compilation,  
22 and analysis techniques found in the International Association of Assessing  
23 Officers standards on ratio studies.

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

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

1 (3) The assessed value of real and personal property in each county  
2 shall be placed on the tax record at twenty percent (20%) of the true and  
3 full market or actual value .

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

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

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

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

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

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

1 and the fiscal officers of this state that disburse all state aid or turnback  
2 to the county.

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

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

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

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

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

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

35 (3) The withholding of such moneys shall in no manner be construed as a

1 lowering of the percentage assessment mandate, as provided in §26-26-303, but  
2 as a penalty for not complying with the mandate.

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

8 (f)(1) In addition to the provisions set out above, whenever the August  
9 1 ratio for the classifications of real-market, real-agricultural, or  
10 personal property falls below eighteen percent (18%) or above twenty-two  
11 percent (22%) of full fair market or use value for the second consecutive  
12 August 1 ratio study, the county shall be deemed to have failed the ratio  
13 study and shall be subject to the penalties and corrective actions outlined  
14 in (c)(4)(D), above, and to withholding of a minimum of ten percent (10%) of  
15 all state turnback funds for all taxing units in the county.

16 (2) Further, where the coefficient of dispersion about the median  
17 ratio, as defined by the Assessment Coordination Division, exceeds twenty  
18 (20) for the third consecutive August 1 ratio study, the county shall be  
19 deemed to have failed the ratio study and will be subject to the penalties  
20 and corrective actions outlined in (c)(4)(D), above, and to withholding of a  
21 minimum of ten percent (10%) of all state turnback funds for all taxing units  
22 in the county.

23 (g) Whenever any county assessor or deputy assessor attends a school  
24 or instructional meeting pursuant to the request of the division, the  
25 division may reimburse his or her travel expenses which shall be paid by the  
26 division upon filing of a proper claim therefor. . The amount of  
27 reimbursement shall not exceed the daily maximum amount authorized for travel  
28 of state employees within the state, in accordance with state travel laws and  
29 regulations. The transportation expenses shall not exceed the actual amount  
30 paid except that the reimbursement for use of a private automobile shall be  
31 at the same rate per mile as is allowed in the reimbursement of state  
32 employees under the state travel laws and regulations for transportation  
33 expenses for each mile actually and necessarily traveled by such automobile,  
34 within and without the county."

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1 SECTION 3. All provisions of this act of a general and permanent  
2 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas  
3 Code Revision Commission shall incorporate the same in the Code.

4  
5 SECTION 4. If any provision of this act or the application thereof to  
6 any person or circumstance is held invalid, such invalidity shall not affect  
7 other provisions or applications of the act which can be given effect without  
8 the invalid provision or application, and to this end the provisions of this  
9 act are declared to be severable.

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11 SECTION 5. All laws and parts of laws in conflict with this act are  
12 hereby repealed.

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14 /s/Scott

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***As Engrossed: 3/21/95 3/24/95***

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