

Stricken language would be deleted from present law. Underlined language would be added to present law.

1 State of Arkansas
2 81st General Assembly
3 Regular Session, 1997
4

As Engrossed: H3/19/97

A Bill

HOUSE BILL 2130

5 By: Representative McJunkin
6
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For An Act To Be Entitled

9 "AN ACT TO REDUCE TO FIFTEEN PERCENT (15%) THE ASSESSED
10 VALUE OF PROPERTY FOR PURPOSES OF DETERMINING PROPERTY
11 TAXES FOR SCHOOLS; TO INCREASE THE STATE SALES AND USE TAX
12 BY THREE-EIGHTS PERCENT (3/8%) IN ORDER TO REPLACE THE
13 LOST REVENUES RESULTING FROM DECREASING ASSESSED VALUES OF
14 PROPERTY; AND FOR OTHER PURPOSES."

Subtitle

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17 "REDUCE TO 15% THE ASSESSED VALUE OF
18 PROPERTY FOR PURPOSES OF DETERMINING
19 PROPERTY TAXES FOR SCHOOLS; INCREASE
20 STATE SALES AND USE TAX (3/8%) TO
21 REPLACE THE LOST REVENUES."
22

23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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25 SECTION 1. Arkansas Code 26-26-304(b)(3) is amended to read as follows:

26 "(3) The assessed value of real and personal property in each county
27 shall be placed on the tax record at eighteen percent (18%) of true and full
28 market or actual value for the assessment year 1959 and thereafter at twenty
29 percent (20%) of the true and full market or actual value for the assessment
30 year 1960 and subsequent assessment years. Provided however that for the
31 purpose of computing school district taxes the assessed value of real and
32 personal property in each county shall be placed on a tax record at fifteen
33 percent (15%) of the true and full market or actual value for the assessment
34 year 1997 and thereafter."

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36 SECTION 2. Arkansas Code 26-26-304(c)(4)(D) is amended to read as

1 follows:

2 "(D)(i) In accordance with the determination of the final average ratio
3 of assessed values to the true and full market or actual value of all property
4 in any county annually, a portion of all state aid or turnback from all
5 sources accruing to the deficient county ~~and all municipalities and school~~
6 ~~districts~~ therein during the current fiscal year shall be withheld by the
7 fiscal officials that disburse all state aid or turnback from all sources if
8 the average ratio of assessed value to the true and full market or actual
9 value in any county is certified to be less than eighteen percent (18%) for
10 each assessment year. In accordance with the determination of the final
11 average ratio of assessed values to the true and full market or actual value
12 of all property in any school district annually, a portion of all state aid or
13 turnback from all sources accruing to the deficient school district therein
14 during the current fiscal year shall be withheld by the fiscal officials that
15 disburse all state aid or turnback from all sources if the average ratio of
16 assessed value to the true and full market or actual value in any school
17 district is certified to be less than thirteen and one-half percent (13.5%)
18 for each assessment year.

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

25 (iii) In the event, however, that any unit of government other than
26 school districts so affected can make proper showing to the division on or
27 after August 1 of the following year that the property in such unit of
28 government is assessed at not less than eighteen percent (18%) of true and
29 full market or actual value for each assessment year, then upon
30 recertification by the division to the proper fiscal officers of the state,
31 those funds that have been withheld shall be released to the county or taxing
32 unit other than school districts. In the event, however, that any school
33 district so affected can make proper showing to the division on or after
34 August 1 of the following year that the property in such school district is
35 assessed at thirteen and one-half percent (13.5%) of true and full market or
36 actual value for each assessment year, then upon recertification by the

1 division to the proper fiscal officers of the state, those funds that have
2 been withheld shall be released to the school district.

3 (iv) The officials of each unit of government shall have a right to
4 examine the records of the division and discuss any problems that might arise
5 with the proper officers of the division."
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7 SECTION 3. Beginning November 1, 1997, there is hereby levied an
8 additional excise tax of three-eighths percent (3/8%) upon all taxable sales of
9 property and services subject to the tax levied by the Arkansas Gross Receipts
10 Act (Arkansas Code of 1987 Annotated §26-52-101 et seq.). The tax shall be
11 collected, reported, and paid in the same manner and at the same time as is
12 prescribed by the Arkansas Gross Receipts Tax Act for the collection,
13 reporting and payment of the Arkansas gross receipts tax.
14

15 SECTION 4. Beginning November 1, 1997, there is hereby levied an
16 additional excise tax of three-eighths percent (3/8%) upon all tangible
17 personal property subject to the tax levied in the Arkansas Compensating Tax
18 Act (Arkansas Code of 1987 Annotated §26-53-101 et seq.). The tax shall be
19 collected, reported, and paid in the same manner and at the same time as is
20 prescribed by the Arkansas Compensating Tax Act for the collection, reporting
21 and payment of Arkansas compensating taxes.
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23 SECTION 5. The revenues generated by this act shall be deposited into
24 the State Treasury as special revenues and credited to the School Tax
25 Assistance Fund which is hereby created on the books of the State Treasurer,
26 State Auditor, and the Chief Fiscal Officer of the state. These revenues
27 shall be used exclusively for the purposes set forth in this Act. If the fund
28 balance at any time exceeds by at least twenty-five percent (25%) the
29 expenditures from the fund during the previous calendar year, the General
30 Assembly may by law transfer the excess balance into the State Treasury as
31 general revenues. If at any time the fund balance is insufficient by more
32 than ten percent (10%) the insufficient amount in excess of ten percent (10%)
33 may be borrowed from the Budget Stabilization Trust Fund. The borrowed monies
34 shall be repaid from the School Tax Assistance Fund. If the fund is
35 insufficient by no more than ten percent (10%), payments to the school
36 districts shall be reduced accordingly.

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SECTION 6. The Assessment Coordination Division shall provide to the Department of Finance and Administration no later than December 1, 1997, and annually thereafter, an estimate of the tax certified for collection in each school district for the next year based on an assessment ratio of fifteen percent (15%). Beginning in January of the next year the Department of Finance and Administration shall make payments to the school districts in the amount of one-third (1/3) of the estimated tax certified for collection. The payments shall be made in equal monthly installments except that by July 1st of each year the Assessment Coordination Division shall provide the Department of Finance and Administration with an adjusted final tax certified for collection that year and the department shall make appropriate adjustments for the remainder of monthly payments to the school districts that year.

SECTION 7. The Department of Finance and Administration and the Assessment Coordination Division shall promulgate regulations necessary to fulfill their duties under this act.

SECTION 8. All provisions of this act of a general and permanent nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code Revision Commission shall incorporate the same in the Code.

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

SECTION 10. All laws and parts of laws in conflict with this act are hereby repealed.

/s/Rep. McJunkin