

Stricken language would be deleted from and underlined language would be added to the Arkansas Constitution.

1 State of Arkansas
2 82nd General Assembly
3 Regular Session, 1999

As Engrossed: S3/3/99 S3/17/99

SJR 6

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5 By: Senator Brown

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8 **SENATE JOINT RESOLUTION**

9 "PROPOSING A CONSTITUTIONAL AMENDMENT TO PROVIDE
10 PROPERTY TAX RELIEF. "

11
12 **Subtitle**

13 "PROPOSING A CONSTITUTIONAL AMENDMENT TO
14 PROVIDE PROPERTY TAX RELIEF. "

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16
17 BE IT RESOLVED BY THE SENATE OF THE EIGHTY-SECOND GENERAL ASSEMBLY OF THE
18 STATE OF ARKANSAS AND BY THE HOUSE OF REPRESENTATIVES, A MAJORITY OF ALL
19 MEMBERS ELECTED TO EACH HOUSE AGREEING THERETO:

20
21 That the following is hereby proposed as an amendment to the
22 Constitution of the State of Arkansas, and upon being submitted to the
23 electors of the state for approval or rejection at the next general election
24 for Senators and Representatives, if a majority of the electors voting thereon
25 at such election, adopt such amendment, the same shall become a part of the
26 Constitution of the State of Arkansas, to wit:

27
28 SECTION 1. (a) After each county-wide reappraisal, as defined by law,
29 and the resulting assessed value of property for ad valorum tax purposes and
30 after each Tax Division appraisal and the resulting assessed value of utility
31 and carrier real property for ad valorem tax purposes, the county assessor, or
32 other official or officials designated by law, shall compare the assessed
33 value of each parcel of real property reappraised or reassessed to the prior
34 year's assessed value. If the assessed value of the parcel increased, then
35 the assessed value of the parcel shall be adjusted pursuant to this section.

36 (b)(1) If the parcel is not a taxpayer's homestead used as the

1 taxpayer's principal place of residence, then for the first assessment
2 following reappraisal, any increase in the assessed value of the parcel shall
3 be limited to not more than ten percent (10%) of the assessed value of the
4 parcel for the previous year. In each year thereafter the assessed value
5 shall increase by an additional ten percent (10%) of the assessed value of the
6 parcel for the year prior to the first assessment that resulted from
7 reappraisal but shall not exceed the assessed value determined by the
8 reappraisal prior to adjustment under this subsection. For utility and
9 carrier real property, any annual increase in the assessed value of the parcel
10 shall be limited to not more than ten percent (10%) of the assessed value for
11 the previous year.

12 (2) This subsection (b) does not apply to newly discovered real
13 property, new construction, or to substantial improvements to real property.

14 (c)(1) Except as provided in subsection (d), if the parcel is a
15 taxpayer's homestead used as the taxpayer's principal place of residence then
16 for the first assessment following reappraisal, any increase in the assessed
17 value of the parcel shall be limited to not more than five percent (5%) of the
18 assessed value of the parcel for the previous year. In each year thereafter
19 the assessed value shall increase by an additional five percent (5%) of the
20 assessed value of the parcel for the year prior to the first assessment that
21 resulted from reappraisal but shall not exceed the assessed value determined
22 by the reappraisal prior to adjustment under this subsection.

23 (2) This subsection (c) does not apply to newly discovered real
24 property, new construction, or to substantial improvements to real property.

25
26 SECTION 2. (a)(1) Section 1 of this Amendment shall not be applicable
27 to a county in which there has been no county-wide reappraisal, as defined by
28 law, and resulting assessed value of property between January 1, 1986 and
29 December 31, 2000. Real property in such a county shall be adjusted according
30 to the provisions of this section.

31 (2) Upon the completion of the adjustments to assessed value
32 required by this section each taxpayer of that county shall be entitled to
33 apply the provision of Section 1 of this Amendment to the real property owned
34 by them.

35 (b) The county assessor, or other official or officials designated by
36 law, shall compare the assessed value of each parcel of real property to the

1 prior year's assessed value. If assessed value of the parcel increased, then
 2 the assessed value of the parcel for the first assessment resulting from
 3 reappraisal shall be adjusted by adding one-third (1/3) of the increase to the
 4 assessed value of the parcel for the previous year. An additional one-third
 5 (1/3) of the increase shall be added in each of the next two (2) years. This
 6 adjustment procedure shall not apply to public utility and carrier property.
 7 Public utility and carrier property shall be adjusted pursuant to Section 1.

8 (c) No adjustment shall be made for newly discovered real property, new
 9 construction, or to substantial improvements to real property.

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 11 SECTION 3. Section 14 of Article 16 of the Arkansas Constitution is
 12 hereby repealed.

13 ~~Section 14. Procedure for adjustment of taxes after reappraisal or~~
 14 ~~reassessment of property.~~

15 ~~(a) Whenever a countywide reappraisal or reassessment of property~~
 16 ~~subject to ad valorem taxes made in accordance with procedures established by~~
 17 ~~the General Assembly shall result in an increase in the aggregate value of~~
 18 ~~taxable real and personal property in any taxing unit in this State of ten~~
 19 ~~percent (10%) or more over the previous year the rate of city or town, county,~~
 20 ~~school district, and community college district taxes levied against the~~
 21 ~~taxable real and personal property of each such taxing unit shall, upon~~
 22 ~~completion of such reappraisal or reassessment, be adjusted or rolled back, by~~
 23 ~~the governing body of the taxing unit, for the year for which levied as~~
 24 ~~provided below. The General Assembly shall, by law, establish the procedures~~
 25 ~~to be followed by a county in making a countywide reappraisal or reassessment~~
 26 ~~of property which will, upon completion, authorize the adjustment or rollback~~
 27 ~~of property tax rates or millage, as authorized hereinabove. The adjustment or~~
 28 ~~rollback of tax rates or millage for the "base year" as hereinafter defined~~
 29 ~~shall be designed to assure that each taxing unit will receive an amount of~~
 30 ~~tax revenue from each tax source no greater than ten percent (10%) above the~~
 31 ~~revenues received during the previous year from each such tax source, adjusted~~
 32 ~~for any lawful tax or millage rate increase or reduction imposed in the manner~~
 33 ~~provided by law for the year for which the tax adjustment or rollback is to be~~
 34 ~~made, and after making the following additional adjustments:~~

35 ~~(i) By excluding from such calculation the assessed~~
 36 ~~value of, and taxes derived from, tangible personal property assessed in the~~

1 ~~taxing unit, and all real and tangible personal property of public utilities~~
2 ~~and regulated carriers assessed in the taxing unit, and~~

3 ~~(ii) By computing the adjusted or rollback millage~~
4 ~~rates on the basis of the reassessed taxable real property for the base year~~
5 ~~that will produce an amount of revenue no greater than ten percent (10%) above~~
6 ~~the revenues produced from the assessed value of real property in the taxing~~
7 ~~unit (after making the aforementioned adjustments for personal properties and~~
8 ~~properties of public utilities and regulated carriers noted above) from~~
9 ~~millage rates in effect in the taxing unit during the base year in which the~~
10 ~~millage adjustment or rollback is to be calculated. Provided, further, that in~~
11 ~~calculating the amount of adjusted or rollback millage necessary to produce~~
12 ~~tax revenues no greater than ten percent (10%) above the revenues received~~
13 ~~during the previous year, the governing body shall separate from the assessed~~
14 ~~value of taxable real property of the taxing unit, newly-discovered real~~
15 ~~property and new construction and improvements to real property, after making~~
16 ~~the adjustments for personal property or property of public utilities and~~
17 ~~regulated carriers noted above, and shall compute the millage necessary to~~
18 ~~produce an amount of revenues equal to, but no greater than the base year~~
19 ~~revenues of the taxing unit from each millage source. Such taxing unit may~~
20 ~~elect either to obtain an increase in revenues equal to the amount of revenues~~
21 ~~that the computed or adjusted rollback millage will produce from newly-~~
22 ~~discovered real property and new construction and improvements to real~~
23 ~~property, or if the same be less than ten percent (10%), the governing body of~~
24 ~~the taxing unit may recompute the millage rate to be charged to produce an~~
25 ~~amount no greater than ten percent (10%) above the revenues collected for~~
26 ~~taxable real property during the base year.~~

27 ~~Provided, however, that the amount of revenues to be derived from~~
28 ~~taxable personal property assessed in the taxing unit for the base year, other~~
29 ~~than personal property taxes to be paid by public utilities and regulated~~
30 ~~carriers in the manner provided hereinabove, shall be computed at the millage~~
31 ~~necessary to produce the same dollar amount of revenues derived during the~~
32 ~~current year in which the base year adjustment or rollback of millage is~~
33 ~~computed, and the millage necessary to produce the amount of revenues received~~
34 ~~from personal property taxes received by the taxing unit, for the base year~~
35 ~~shall be reduced annually as the assessed value of taxable personal property~~
36 ~~increases until the amount of revenues from personal property taxes, computed~~

1 ~~on the basis of the current year millage rates will produce an amount of~~
2 ~~revenues from taxable personal property equal to or greater than received~~
3 ~~during the base year, and thereafter the millage rates for computing personal~~
4 ~~property taxes shall be the millage rates levied for the current year.~~

5 ~~Provided, however, that the taxes to be paid by public utilities and~~
6 ~~regulated carriers in the respective taxing units of the several counties of~~
7 ~~this State during the first five (5) calendar years in which taxes are levied~~
8 ~~on the taxable real and personal property as reassessed and equalized in each~~
9 ~~of the respective counties as a part of a statewide reappraisal program, shall~~
10 ~~be the greater of the following:~~

11 ~~(1) The amount of taxes paid on property owned by such public~~
12 ~~utilities or regulated carriers in or assigned to such taxing unit, less~~
13 ~~adjustments for properties disposed of or reductions in the assessed valuation~~
14 ~~of such properties in the base year as defined below, or~~

15 ~~(2) The amount of taxes due on the assessed valuation of taxable~~
16 ~~real and tangible personal property belonging to the public utilities or~~
17 ~~regulated carriers located in or assigned to the taxing unit in each county at~~
18 ~~millage rates levied for the current year.~~

19
20 ~~As used herein, the term 'base year' shall mean the year in which a~~
21 ~~county completes reassessment and equalization of taxable real and personal~~
22 ~~property as a part of a statewide reappraisal program, and extends the~~
23 ~~adjusted or rolled back millage rates for the first time, as provided in~~
24 ~~subsection (a) of this Section, for the respective taxing units in such county~~
25 ~~for collection in the following year.~~

26 ~~(i) In the event the amount of taxes paid the taxing~~
27 ~~unit in a county in the base year, as defined herein, is greater than the~~
28 ~~taxes due to be paid to such taxing unit for the current year of any year of~~
29 ~~the second (2nd) period of five (5) years after the base year, the difference~~
30 ~~between the base year taxes and the current year taxes for any year of such~~
31 ~~five (5) year period shall be adjusted as follows:~~

32
33 ~~Current year of _____ Taxes shall be current year taxes~~
34 ~~second period of (5) _____ to which shall be added the~~
35 ~~_____ following percentage of the~~
36 ~~years _____ difference between the current~~

1 _____ year taxes and the base year taxes
 2 _____ (if greater than current year taxes)
 3 1st year _____ 80% of difference
 4 2nd year _____ 60% of difference
 5 3rd year _____ 40% of difference
 6 4th year _____ 20% of difference
 7 5th year and thereafter _____ Current years taxes only.

8
 9 (ii) ~~If the current year taxes of a public utility or~~
 10 ~~regulated carrier equal or exceed the base years taxes due a taxing unit~~
 11 ~~during any year of the first ten (10) years after the base year, the amount of~~
 12 ~~taxes to be paid to such taxing unit shall thereafter be the current years~~
 13 ~~taxes and the adjustment authorized herein shall no longer apply in computing~~
 14 ~~taxes to be paid to such taxing unit.~~

15 ~~Provided, that in the event the aforementioned requirement for payment~~
 16 ~~of taxes by public utilities and regulated carriers, or any class of utilities~~
 17 ~~or carriers for the ten (10) year period noted above, shall be held by court~~
 18 ~~decision to be contrary to the constitution or statutes of this State or of~~
 19 ~~the Federal Government, the General Assembly may provide for other utilities~~
 20 ~~or classes of carriers to receive the same treatment provided or required~~
 21 ~~under the court order, if deemed necessary to promote equity between similar~~
 22 ~~utilities or classes of carriers.~~

23 ~~(b) The General Assembly shall, by law, provide for procedures to be~~
 24 ~~followed with respect to adjusting ad valorem taxes or millage pledged for~~
 25 ~~bonded indebtedness purposes, to assure that the adjusted or rolled-back rate~~
 26 ~~of tax or millage levied for bonded indebtedness purposes will, at all times,~~
 27 ~~provide a level of income sufficient to meet the current requirements of all~~
 28 ~~principal, interest, paying agent fees, reserves, and other requirements of~~
 29 ~~the bond indenture. [Added by Const. Amend. 59.]~~

30
 31 SECTION 4. Article 16, § 16 of the Arkansas Constitution is amended to
 32 read as follows:

33 ~~"16 Providing for exemption of value of residence of person 65 or over.~~

34 (a)(1) The General Assembly, upon approval thereof by a vote of not
 35 less than ~~three-fourths (3/4ths)~~ three-fifths (3/5ths) of the members elected
 36 to each house, may provide that the valuation of real property actually

1 occupied by its owner as a residence ~~who is sixty-five (65) years of age, or~~
 2 ~~older,~~ may be exempt in such amount as ~~may be determined by law, but no~~
 3 ~~greater than the first Twenty Thousand Dollars (\$20,000) in value thereof, set~~
 4 forth in subsection (a)(2) of this section as a homestead from ad valorem
 5 property taxes. [Added by Const. Amend. 59.]

6 (2) For the tax year beginning on January 1, 2001, the amount
 7 shall be ten thousand dollars (\$10,000). For taxable years beginning after
 8 December 31, 2001, the amount approved by the General Assembly may be
 9 increased by no more than two thousand five hundred dollars (\$2,500) each tax
 10 year.

11 (b)(1)(A) Real property purchased after December 31, 2001, by a
 12 disabled person or a person sixty-five (65) years of age or older, or his or
 13 her revocable living trust, and occupied as the residence of that person shall
 14 be taxed thereafter based on the lower of the following:

15 (i) The assessed value under (b)(1)(B); or

16 (ii) A later assessed value disregarding (b)(1)(B).

17 Substantial improvements by the property owner shall increase the assessed
 18 value but ordinary repair and maintenance of the property shall not increase
 19 the assessed value.

20 (B) The assessed value under (b)(1)(A)(i) shall be
 21 calculated as follows:

22 (i) The assessed value at the time of purchase if the
 23 assessed value did not exceed fifty thousand dollars (\$50,000) at that time;
 24 or

25 (ii) If the assessed value at the time of purchase
 26 exceeded fifty thousand dollars (\$50,000), the future assessed value may be
 27 increased only by the percentage resulting from dividing the assessed value at
 28 the time of purchase by that assessed value minus fifty thousand dollars
 29 (\$50,000).

30 (2)(A) When a person becomes disabled or reaches sixty-five (65)
 31 years of age after January 1, 2001, real property owned by the person, or his
 32 or her revocable living trust, and occupied by the person as a residence shall
 33 thereafter be taxed based on the lower of the following:

34 (i) The assessed value under (b)(2)(B); or

35 (ii) A later assessed value disregarding (b)(2)(B).

36 Substantial improvements by the property owner shall increase the assessed

1 value, but ordinary repair and maintenance of the property shall not increase
2 the assessed value.

3 (B) The assessed value under (b)(2)(A)(ii) shall be
4 calculated as follows:

5 (i) The assessed value at the time the person became
6 sixty-five (65) years of age if the assessed value did not exceed fifty
7 thousand dollars (\$50,000) at that time; or

8 (ii) If the assessed value at the time the person
9 became sixty-five (65) years of age exceeded fifty thousand dollars (\$50,000),
10 the future assessed value may be increased only by the percentage resulting
11 from dividing the assessed value at age sixty-five (65) by that assessed value
12 minus fifty thousand dollars (\$50,000).

13 (3)(A) Real property owned and occupied as a residence on January
14 1, 2001, by disabled person or a person sixty-five (65) years of age or older,
15 or his or her revocable living trust, shall be taxed based on the lower of the
16 following:

17 (i) The assessed value under (b)(3)(b); or

18 (ii) A later assessed value disregarding (b)(3)(B) as
19 long as that person owns and occupies the residence. Substantial improvements
20 by the property owner shall increase the assessed value but ordinary repair
21 and maintenance of the property shall not increase the assessed value.

22 (B) The assessed value under (b)(3)(A)(i) shall be
23 calculated as follows:

24 (i) The assessed value on January 1, 2001 if the
25 assessed value did not exceed fifty thousand dollars (\$50,000) at that time;
26 or

27 (ii) If the assessed value on January 1, 2001
28 exceeded fifty thousand dollars (\$50,000), the future assessed value may be
29 increased only by the percentage resulting from dividing the assessed value on
30 January 1, 2001 by that assessed value minus fifty thousand dollars (\$50,000).

31 (c) The General Assembly shall enact laws to define the terms
32 'homestead' and 'disabled.'

33 (d) Residing in a nursing home or rehabilitation facility, whether full
34 or part-time, shall not disqualify a person from the benefits of this
35 amendment.

36 (e) In instances of joint ownership, if one of the owners qualifies

1 under this amendment, all owners shall receive the benefits of this
2 amendment."

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4 SECTION 5. The General Assembly may enact any laws it deems necessary
5 to implement this amendment.

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7 SECTION 6. This amendment applies to property taxes due after December
8 31, 2001.

9 /s/ Brown

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