

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

State of Arkansas

As Engrossed: H2/16/01 S3/22/01 S3/27/01

83rd General Assembly

A Bill

Regular Session, 2001

HOUSE BILL 1664

By: House Committee on Revenue & Taxation

For An Act To Be Entitled

AN ACT TO AMEND 26-26-310 TO REQUIRE COUNTY ASSESSORS TO AMEND CLAIMS FOR PROPERTY TAX CREDIT BY OCTOBER 31; TO AMEND 26-26-1118 TO REQUIRE PROPERTY OWNERS TO CLAIM THE PROPERTY TAX CREDIT AND TO DEFINE "PROPERTY OWNER"; TO PROVIDE FOR A PENALTY FOR MULTIPLE CREDIT CLAIMS; TO DEFINE "DISABLED PERSON"; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE PROPERTY LAWS TO CLARIFY THE PROCEDURES FOR CLAIMING A THREE HUNDRED DOLLAR PROPERTY TAX CREDIT.

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

SECTION 1. Arkansas Code 26-3-306, concerning the exemption from property taxes for disabled veterans, is amended by adding an additional subsection to read as follows:

(e) A person claiming the property tax exemption authorized by this section shall not be entitled to claim the property tax credit authorized in § 26-26-1118.

SECTION 2. Arkansas Code 26-26-310 is amended to read as follows:

(a)(1) On or before March 31, 2001, and each March 31 thereafter, the county collector of each county shall certify to the Chief Fiscal Officer of the State the amount of the real property tax reduction provided in § 26-26-1118.

(2)(A) After receipt of the certification from the county collectors, the Chief Fiscal Officer of the State shall determine the proportionate share of the total statewide reduction attributable to each county.

(B) At the end of each month, the Chief Fiscal Officer of the State shall determine the balance in the Property Tax Relief Trust Fund and certify it to the Treasurer of State, who shall make distributions from the fund to each county treasurer in accordance with the county's proportionate share of the total statewide property tax reduction for that calendar year resulting from the provisions of § 26-26-1118.

(C)(i) If the Chief Fiscal Officer has not received all of the certifications from the county collectors, then the distribution of the Property Tax Relief Trust Fund shall be as follows until all certifications have been received:

(a) The total amount of the Property Tax Relief Trust Fund to be distributed shall equal the total amount in the Property Tax Relief Trust Fund multiplied by the proportion of the previous year's total property assessment, less tangible personal property and property owned by utilities and regulated carriers, of the counties that have certified, divided by the previous year's total property assessment, less tangible personal property and property owned by utilities and regulated carriers, in the state;

(b) Each county that has certified its property tax reduction shall receive an amount of the Property Tax Relief Trust Fund, as adjusted in subsection (a)(1)(C)(i)(a), equal to the county's proportionate share of the total property tax reduction of the counties that have certified their property tax reduction

(ii) However, until all counties have certified to the Chief Fiscal Officer their property tax reductions, no county shall receive more than seventy-five percent (75%) of its certified property tax reduction.

(3)(A) Funds so received by the county treasurers shall be allocated and distributed to the various taxing units within the county which levy ad valorem taxes.

(B) Funds so received by the various taxing units shall be used for the same purposes and in the same proportions as otherwise provided by

1 law.

2 (b)(1) Reimbursements to each county shall continue on a monthly basis
3 from the Property Tax Relief Trust Fund until the full amount certified by the
4 county collectors, as of November 15 of each year, has been paid.

5 (2)(A) In no event shall the amount distributed to a county during
6 a calendar year from the Property Tax Relief Trust Fund exceed the final amount
7 certified by the county collector as of November 15 as the property tax
8 reduction for that calendar year resulting from § 26-26-1118.

9 (B) If a county is paid in excess of its proportionate
10 share, the Chief Fiscal Officer shall have the authority to reduce payments
11 made to the county for the subsequent calendar year until the overpayment is
12 recovered.

13 ~~(B)(C)~~ Commencing December 31, 2002, and each December 31
14 thereafter, the Chief Fiscal Officer of the State, in cooperation with the
15 Legislative Council and the Legislative Auditor, shall determine that portion
16 of the balance remaining that is in excess of the required reimbursement to the
17 counties and shall certify the same to the Treasurer of State. Such excess
18 funds may be used in accordance with subsequent legislation to provide
19 additional tax relief, or financial assistance to school districts that incur a
20 reduction in revenue as a direct result of Amendment 79.

21 (3)(A) ~~The Chief Fiscal Officer of the State, the Legislative~~
22 ~~Auditor, or their designees shall be entitled to~~ The Legislative Auditor, or
23 the Legislative Auditor's designee, shall audit the books and records of the
24 county assessor, county collector, or any other party as needed to ensure that
25 the amount of the property tax reduction certified by the county collector is
26 accurate.

27 (B) The Chief Fiscal Officer of the State shall have the
28 authority to adjust the amount certified by the county collector if it is
29 discovered that the certified amount is incorrect.

30 (c)(1) Beginning in 2001, on or before June 30 and November 15 of each
31 year, the county collector of each county shall recertify to the Chief Fiscal
32 Officer of the State the amount of the real property tax reduction provided in
33 § 26-26-1118.

34 (2) The recertification shall reflect the most current total of
35 tax reductions based on corrections and amendments to the records of the
36 assessor.

1 (3) After receipt of the recertification from the county
2 collectors, the Chief Fiscal Officer of the State shall redetermine the
3 proportionate share of the total statewide reduction attributable to each
4 county.

5
6 SECTION 3. Arkansas Code 26-26-1118 is amended to read as follows:

7 (a)(1) Effective with the assessment year 2000 and thereafter, the
8 amount of real property taxes assessed on the homestead of each ~~taxpayer~~
9 property owner shall be reduced by three hundred dollars (\$300), provided
10 that no assessment shall be reduced to less than zero (\$0.00).

11 (2) Each property owner shall pay the reduced tax amount to the
12 county.

13 (3) The tax reduction adopted by this act shall be reflected on
14 the tax bill sent to the property owner by the county collector.

15 (4) The county and taxing units within the county shall be
16 entitled to reimbursement of the reduction in accordance with § 26-26-310.

17 (b) The term "homestead", as used in this section, means the dwelling
18 of a person which is used as his or her principal place of residence and land
19 contiguous thereto, excluding all land valued as agricultural land, pasture
20 land, or timber land. The term "homestead" shall also include a dwelling
21 owned by a revocable trust and used as the principal place of residence of a
22 person who formed the trust.

23 (c)(1) Each county assessor shall be responsible for identifying those
24 parcels of real property which are used as a homestead residence prior to
25 issuing tax bills.

26 (2)(A) Each property owner shall register with the county
27 assessor proof of eligibility for the property tax credit if the property
28 owner intends to claim a property tax credit.

29 (B) The registration may be attached to the deed or other
30 instrument conveying an interest in real property, and filed with the circuit
31 clerk who shall remit the registration to the county assessor.

32 (C) The property owner may submit a registration for
33 property tax credit directly to the county assessor.

34 (3) In no event shall the property tax credit authorized by 26-
35 26-1118(a)(1) be allowed after October 31 of the year after the assessment.

36 (d) The term "property owner," as used in this section, means a person

1 who is:

2 (1) The owner of record of the real property, or the mortgagee
3 of the property;

4 (2) A buyer under a recorded contract to purchase the real
5 property; or

6 (3) A person *holding a recorded* life estate in the real
7 property.

8
9 SECTION 4. Title 26, chapter 26, subchapter 11 is amended by adding an
10 additional section to read as follows:

11 26-26-1119. Penalties.

12 (a)(1) No property owner shall claim more than one (1) homestead
13 property tax credit.

14 (2) If a property owner claims more than one (1) homestead
15 property tax credit, in addition to repayment of the homestead property tax
16 credit, a penalty of ten percent (10%) of the amount of the homestead
17 property tax credit claimed shall be assessed and collected from the property
18 owner.

19 (b)(1) Every property owner shall report to the county assessor a
20 change in eligibility to claim a property tax credit or a change in use of
21 the property prior to January 1 of the year following the change.

22 (2) Upon a determination by the county assessor that a property
23 owner has failed to report a change in the eligibility to claim a property
24 tax credit or has failed to register a required change in the use of the
25 property, the county assessor shall assess the correct property tax due along
26 with a penalty of ten percent (10%) of the amount of homestead property tax
27 credit.

28 (c) Penalties collected under this section shall be remitted to the
29 county treasurer to be credited to the county general fund.

30 (d) Property tax collected from a person who was not entitled to claim
31 a credit shall be remitted to the Treasurer of State for deposit to the
32 Property Tax Relief Trust Fund.

33
34 SECTION 5. Title 26, chapter 26, subchapter 11 is amended by adding an
35 additional section to read as follows:

36 26-26-1120. Disabled persons.

1 (a) As used in Ark. Const., Amendment 79, the term "disabled person"
2 means a person who is disabled for purposes of Title XIX of the federal
3 Social Security Act, as in effect on January 1, 2001, for any period during
4 the calendar year, or a person who is a permanently and totally disabled
5 veteran as defined by 38 CFR, Part IV, as in effect on January 1, 2001.

6 (b) When a disabled person or a person sixty-five (65) years or older
7 sells his or her real property, the purchaser shall not be entitled to claim
8 any reduction to the property's assessed value, and the county assessor shall
9 assess the property at its full market value, unadjusted for assessment
10 limitations required by Amendment 79 to the Constitution of Arkansas.

11
12 SECTION 6. EMERGENCY CLAUSE. It is found and determined by the
13 General Assembly that in order to efficiently reimburse the counties for the
14 homestead property tax credit, county assessors are required to recertify to
15 the Chief Fiscal Officer the amount of real property reduction on or before
16 June 30 of the year 2001 and every year thereafter. Therefore, an emergency
17 is declared to exist and this act being immediately necessary for the
18 preservation of the public peace, health and safety shall become effective on
19 the date of its approval by the Governor. If the bill is neither approved
20 nor vetoed by the Governor, it shall become effective on the expiration of
21 the period of time during which the Governor may veto the bill. If the bill
22 is vetoed by the Governor and the veto is overridden, it shall become
23 effective on the date the last house overrides the veto.

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25 /s/ Revenue & Taxation- House
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