

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

1 State of Arkansas *As Engrossed: H1/16/01 H2/13/01*

2 83rd General Assembly

3 Regular Session, 2001

HJR 1009

4

5 By: Representative Ormond

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**HOUSE JOINT RESOLUTION**

9 PROPOSING A CONSTITUTIONAL AMENDMENT TO REPEAL THE  
10 PROPERTY TAX; TO EXEMPT FOOD FROM THE SALES AND USE  
11 TAX; TO LEVY AN ADDITIONAL FOUR AND SIX HUNDRED AND  
12 TWENTY-FIVE THOUSANDTHS OF ONE PERCENT (4.625%) SALES  
13 AND USE TAX; TO REQUIRE THE GENERAL ASSEMBLY TO  
14 ESTABLISH A METHOD OF DISTRIBUTING THE ADDITIONAL  
15 REVENUES FROM THE SALES TAX TO THE VARIOUS TAXING  
16 UNITS; TO ESTABLISH THE AMOUNT OF REVENUE THAT WILL  
17 GO TOWARD GENERAL REVENUES; AND FOR OTHER PURPOSES.

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19

**Subtitle**

20

PROPOSING A CONSTITUTIONAL AMENDMENT TO  
PROVIDE PROPERTY TAX RELIEF.

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24 BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE EIGHTY-THIRD GENERAL  
25 ASSEMBLY OF THE STATE OF ARKANSAS AND BY THE SENATE, A MAJORITY OF ALL  
26 MEMBERS ELECTED TO EACH HOUSE AGREEING THERETO:

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*SECTION 1. For purposes of this amendment:*

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(1) "Eligible food and beverage" means any food as defined in Section 3 of the federal Food Stamp Act of 1977, 7 U.S.C.S. 2012(g); and

1 (2) "Various taxing units" means the cities, counties, school  
2 districts, and any other governmental entities which levied ad valorem  
3 property taxes in 2002.

4 SECTION 2. Beginning January 1, 2003:

5 (1) Eligible food and beverage sold for human consumption shall be  
6 exempt from gross receipts and compensating use taxes levied by the various  
7 taxing units; and

8 (2) No sales or use taxes shall be levied by the state, counties, or  
9 municipalities upon used goods.

10  
11 SECTION 3. (a) Beginning January 1, 2003, there is levied an  
12 additional excise tax of four and six hundred and twenty-five thousandths of  
13 one percent (4.625%) upon the gross proceeds and gross receipts derived from  
14 all taxable sales of property and services subject to the tax levied by the  
15 Arkansas Gross Receipts Act, beginning at Arkansas Code 26-52-101 and the  
16 Arkansas Compensating Tax Act, beginning at Arkansas Code 26-53-101.

17 (b) The taxes shall be collected, reported, and paid in the same  
18 manner and at the same time as is prescribed by the Arkansas Gross Receipts  
19 Act and the Arkansas Compensating Tax Act.

20 (c)(1) The General Assembly shall, by law, establish procedures for  
21 the distribution of the revenues generated by the additional four and six  
22 hundred and twenty-five thousandths of one percent (4.625%) excise tax.

23 (2)(A) In the year 2004 the revenues shall first be distributed  
24 to the various taxing units in an amount equal to or more than the amount of  
25 ad valorem property taxes received by the various taxing units in the  
26 previous year, but in no event shall the amount be less than the amount  
27 necessary to meet the current requirements of all principal, interest, paying  
28 agent fees, reserves, and other requirements of bonded indebtedness.

29 (B) Beginning January 1, 2005 and thereafter, the revenues shall  
30 first be distributed to the various taxing units in an amount equal to or  
31 more than the amount of monies lost pursuant to the repeal of ad valorem  
32 property taxes, but in no event shall the amount be less than the amount  
33 necessary to meet the current requirements of all principal, interest, paying  
34 agent fees, reserves, and other requirements of bonded indebtedness.

35 (3) Any remaining revenues shall be general revenues of the  
36 state.

1        (d)(1) To the extent sufficient revenues are not collected to meet the  
2 bond indebtedness obligations of the various taxing units, the bonds shall  
3 become direct general obligations of the State of Arkansas for the payment of  
4 the debt service on which the full faith and credit of the State of Arkansas  
5 is irrevocably pledged so long as the bonds are outstanding.

6        (2) The bonds shall be payable from the general revenues of the  
7 state as the term is defined in the Revenue Stabilization Law, and the amount  
8 of general revenues, as is necessary, is pledged to the payment of debt  
9 service on the bonds and shall be and remain pledged.

10        (3) The General Assembly shall, by law, establish the necessary  
11 procedures to ensure that the bonded indebtedness of the various taxing units  
12 is not jeopardized.

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14        SECTION 4. (a) Delinquent ad valorem property taxes owed, but not  
15 paid, shall remain due and payable.

16        (b) Those ad valorem property taxes levied in the year 2002 shall  
17 remain due and payable.

18  
19        SECTION 5. (a) There is levied an additional excise tax of one-tenth  
20 of one percent (1/10 of 1%) upon the gross proceeds and gross receipts  
21 derived from all taxable sales of property and services subject to the tax  
22 levied by the Arkansas Gross Receipts Act, and the tax shall be collected,  
23 reported, and paid in the same manner and at the same time as is prescribed  
24 by law for the collection, reporting and payment of all other Arkansas gross  
25 receipts taxes.

26        (b) There is levied an additional excise tax of one-tenth of one  
27 percent (1/10 of 1%) upon all tangible personal property subject to the tax  
28 levied by the Arkansas Compensating Tax Act, and the tax shall be collected,  
29 reported, and paid in the same manner and at the same time as is prescribed  
30 by law for the collection, reporting and payment of Arkansas compensating  
31 taxes.

32        (c) Notwithstanding any other provision of the Arkansas Constitution  
33 to the contrary, all of the monies collected from the tax levied herein shall  
34 be deposited in the State Treasury as special revenues and credited to the  
35 Arkansas Waterways Commission Fund to be used exclusively by the Arkansas  
36 Waterways Commission, as appropriated by the General Assembly.

1        (d) The General Assembly shall provide for the proper administration  
2 and enforcement of this amendment by law.

3        (e) Unless the General Assembly provides another procedure by law, the  
4 provisions of the Arkansas Tax Procedure Act shall so far as practicable be  
5 applicable to the tax levied by this amendment and the reporting, remitting  
6 and enforcement of the tax.

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8        SECTION 6. Beginning January 1, 2005, the General Assembly may, by a  
9 simple majority, amend Sections 1 through 5 of this amendment so long as the  
10 amendments are germane to this amendment, and consistent with its policy and  
11 purposes.

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13        SECTION 7. Article 16, § 5 of the Arkansas Constitution is repealed.

14        ~~5.—Property taxed according to value—Procedures for valuation—Tax~~  
15 ~~exemptions.—~~

16        ~~(a) All real and tangible personal property subject to taxation shall~~  
17 ~~be taxed according to its value, that value to be ascertained in such manner~~  
18 ~~as the General Assembly shall direct, making the same equal and uniform~~  
19 ~~throughout the State.—No one species of property for which a tax may be~~  
20 ~~collected shall be taxed higher than another species of property of equal~~  
21 ~~value, except as provided and authorized in Section 15 of this Article, and~~  
22 ~~except as authorized in Section 14 of this Article.—The General Assembly,~~  
23 ~~upon the approval thereof by a vote of not less than three fourths (3/4ths)~~  
24 ~~of the members elected to each house, may establish the methods and~~  
25 ~~procedures for valuation of property for taxation purposes, but may not alter~~  
26 ~~the method of valuation set forth in Section 15 of this Article.—~~

27        ~~(b) The following property shall be exempt from taxation: public~~  
28 ~~property used exclusively for public purposes; churches used as such;~~  
29 ~~cemeteries used exclusively as such; school buildings and apparatus;~~  
30 ~~libraries and grounds used exclusively for school purposes; and buildings and~~  
31 ~~grounds and materials used exclusively for public charity.—~~

32        ~~Nothing in this Section shall affect or repeal the provision of~~  
33 ~~Amendment 57 to the Constitution of the State of Arkansas pertaining to~~  
34 ~~intangible personal property. [Added by Const. Amend. 59.]~~

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36        SECTION 8. Amendment 47 to the Arkansas Constitution is amended to

1 read as follows:

2 Amend. 47. State Ad Valorem Tax Prohibition.

3 § 1. State ad valorem tax prohibited.

4 No ad valorem tax shall be levied upon property by the State, counties,  
5 municipalities, school districts, or any other governmental entity.

6

7 SECTION 9. Article 16, §7 of the Arkansas Constitution is repealed.

8 ~~7. Taxation of corporate property.~~

9 ~~The power to tax corporations and corporate property shall not be~~  
10 ~~surrendered or suspended by any contract or grant to which the State may be a~~  
11 ~~party.~~

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13 SECTION 10. Article 16, §14 of the Arkansas Constitution is repealed.

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

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

1           ~~(i) By excluding from such calculation the assessed value of,~~  
2 ~~and taxes derived from, tangible personal property assessed in the taxing~~  
3 ~~unit, and all real and tangible personal property of public utilities and~~  
4 ~~regulated carriers assessed in the taxing unit, and~~

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

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

1 ~~for the base year shall be reduced annually as the assessed value of taxable~~  
 2 ~~personal property increases until the amount of revenues from personal~~  
 3 ~~property taxes, computed on the basis of the current year millage rates will~~  
 4 ~~produce an amount of revenues from taxable personal property equal to or~~  
 5 ~~greater than received during the base year, and thereafter the millage rates~~  
 6 ~~for computing personal property taxes shall be the millage rates levied for~~  
 7 ~~the current year.—~~

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

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

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

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

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

34

35 ~~Current year of \_\_\_\_\_ Taxes shall be current year taxes~~

36 ~~second period of (5) \_\_\_\_\_ to which shall be added the~~

1 ~~years~~ following percentage of the  
 2 ~~difference between the current~~  
 3 ~~year taxes and the base year taxes~~  
 4 ~~(if greater than current year taxes)~~  
 5 1st year 80% of difference  
 6 2nd year 60% of difference  
 7 3rd year 40% of difference  
 8 4th year 20% of difference  
 9 5th year and thereafter Current years taxes only.

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

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

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

32

33 SECTION 11. Article 16, § 15 of the Arkansas Constitution is repealed.  
 34 ~~15. Assessment of residential property and agricultural, pasture,~~  
 35 ~~timber, residential and commercial land.~~

36 ~~(a) Residential property used solely as the principal place of~~

1 residence of the owner thereof shall be assessed in accordance with its value  
 2 as a residence, so long as said property is used as the principal place of  
 3 residence of the owner thereof, and shall not be assessed in accordance with  
 4 some other method of valuation until said property ceases to be used for such  
 5 residential purpose.

6 (b) ~~Agricultural land, pasture land, timber land, residential and~~  
 7 ~~commercial land, excluding structures thereon, used primarily as such, shall~~  
 8 ~~be valued for taxation purposes under the provisions of Section 5 of this~~  
 9 ~~Article, upon the basis of its agricultural, pasture, timber, residential, or~~  
 10 ~~commercial productivity or use, and when so valued, such land shall be~~  
 11 ~~assessed at the same percentum of value and taxed at the same rate as other~~  
 12 ~~property subject to ad valorem taxes.~~

13 (c) ~~The General Assembly shall enact laws providing for the~~  
 14 ~~administration and enforcement [enforcement] of this Section and for the~~  
 15 ~~imposition of penalties for violations of this Section, or statutes enacted~~  
 16 ~~pursuant thereto. [Added by Const. Amend. 59.]~~

17  
 18 SECTION 12. Article 16, §16 of the Arkansas Constitution is repealed.

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

20 ~~The General Assembly, upon approval thereof by a vote of not less than~~  
 21 ~~three fourths (3/4ths) of the members elected to each house, may provide that~~  
 22 ~~the valuation of real property actually occupied by its owner as a residence~~  
 23 ~~who is sixty five (65) years of age, or older, may be exempt in such amount~~  
 24 ~~as may be determined by law, but no greater than the first twenty thousand~~  
 25 ~~dollars (\$20,000) in value thereof, as a homestead from ad valorem property~~  
 26 ~~taxes. [Added by Const. Amend. 59.]~~

27  
 28 SECTION 13. Amendment 27 to the Arkansas Constitution is repealed.

29 ~~Amend. 27. Exempting New Manufacturing Establishment from Taxation.~~

30 ~~Power to exempt — Duration.~~

31 ~~The Governor and the Agricultural and Industrial Commission (or the~~  
 32 ~~agency created by law to assist in the industrial development of Arkansas)~~  
 33 ~~may investigate and contract with the owners of any new manufacturing or~~  
 34 ~~processing establishment to be located in the State, or owners making~~  
 35 ~~addition or additions to any manufacturing or processing establishment~~  
 36 ~~already located in the State, for the exemption from State property taxation~~

1 ~~of any such new manufacturing or processing establishment, or any addition or~~  
2 ~~additions to any such existing manufacturing or processing establishment,~~  
3 ~~upon such terms and conditions as the Governor and the said Commission may~~  
4 ~~deem to the best interests of the State; provided, that no exemption from~~  
5 ~~taxes shall be granted under this amendment for a longer period than ten (10)~~  
6 ~~calendar years succeeding the date of any such contract. Any such exemption~~  
7 ~~shall "ipso facto" cease upon violation of the terms and conditions of any~~  
8 ~~contract hereby made.~~

9  
10 SECTION 14. [THE ARKANSAS CODE REVISION COMMISSION IS NOT REQUIRED TO  
11 CODIFY THIS SECTION.] This amendment shall be effective January 1, 2003.

12 */s/ Ormond*  
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