

1 State of Arkansas  
2 85th General Assembly  
3 Regular Session, 2005

*As Engrossed: H2/23/05*

HJR 1016

4  
5 By: Representative Mahony  
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## 8 HOUSE JOINT RESOLUTION

9 PROPOSING AN AMENDMENT TO ARTICLE 16, SECTION 14  
10 OF THE ARKANSAS CONSTITUTION PERTAINING TO THE  
11 TREATMENT OF NEWLY DISCOVERED REAL PROPERTY AND  
12 NEW CONSTRUCTION AND IMPROVEMENTS TO REAL  
13 PROPERTY WHEN CALCULATING MILLAGE ROLLEBACKS UNDER  
14 AMENDMENT 59 TO THE ARKANSAS CONSTITUTION.

### 15 Subtitle

16 AMENDING ARTICLE 16, SECTION 14 TO  
17 CHANGE THE TREATMENT OF NEWLY DISCOVERED  
18 REAL PROPERTY AND NEW CONSTRUCTION AND  
19 IMPROVEMENTS TO REAL PROPERTY WHEN  
20 CALCULATING MILLAGE ROLLEBACKS UNDER  
21 AMENDMENT 59.  
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25 BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE EIGHTY-FIFTH GENERAL  
26 ASSEMBLY OF THE STATE OF ARKANSAS AND BY THE SENATE, A MAJORITY OF ALL  
27 MEMBERS ELECTED TO EACH HOUSE AGREEING THERETO:  
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29 That the following is proposed as an amendment to the Constitution of  
30 the State of Arkansas, and upon being submitted to the electors of the state  
31 for approval or rejection at the next general election for Senators and  
32 Representatives, if a majority of the electors voting thereon at the  
33 election, adopt the amendment, the amendment shall become a part of the  
34 Constitution of the State of Arkansas, to wit:  
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36 SECTION 1. Section 14 of Article 16 of the Constitution of the State



1 of Arkansas is amended to read as follows:

2 § 14. Procedure for adjustment of taxes after reappraisal or  
3 reassessment of property.

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

25 (i) By excluding from such calculation the assessed value of,  
26 and taxes derived from, tangible personal property assessed in the taxing  
27 unit, and all real and tangible personal property of public utilities and  
28 regulated carriers assessed in the taxing unit and newly discovered real  
29 property and new construction and improvements to real property, and

30 (ii) By computing the adjusted or rollback millage rates on the  
31 basis of the reassessed taxable real property for the base year that will  
32 produce an amount of revenue no greater than ten percent (10%) above the  
33 revenues produced from the assessed value of real property in the taxing unit  
34 (after making the aforementioned adjustments for personal properties and  
35 properties of public utilities and regulated carriers, and newly discovered  
36 real property and new construction and improvements to real property noted

1 above) from millage rates in effect in the taxing unit during the base year  
2 in which the millage adjustment or rollback is to be calculated. Provided,  
3 further, that in calculating the amount of adjusted or rollback millage  
4 necessary to produce tax revenues no greater than ten percent (10%) above the  
5 revenues received during the previous year on the reassessed real property,  
6 the governing body shall separate from the assessed value of taxable real  
7 property of the taxing unit, newly-discovered real property and new  
8 construction and improvements to real property, after making the adjustments  
9 for personal property or property of public utilities and regulated carriers  
10 noted above, and shall compute the millage necessary to produce an amount of  
11 revenues equal to, one hundred ten percent (110%) of the base year revenues  
12 of the taxing unit from each millage source. The millage rate that is  
13 applicable shall be the greater of the adjusted or rollback millage rate or  
14 the current millage rate for each taxing unit, but no greater than the base  
15 year revenues of the taxing unit from each millage source. Such taxing unit  
16 may elect either to obtain an increase in revenues equal to the amount of  
17 revenues that the computed or adjusted rollback millage will produce from  
18 newly discovered real property and new construction and improvements to real  
19 property, or if the same be less than ten percent (10%), the governing body  
20 of the taxing unit may recompute the millage rate to be charged to produce an  
21 amount no greater than ten percent (10%) above the revenues collected for  
22 taxable real property during the base year.

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

1 the current year.

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

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

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

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

22 (i) In the event the amount of taxes paid the taxing unit in a  
23 county in the base year, as defined herein, is greater than the taxes due to  
24 be paid to such taxing unit for the current year of any year of the second  
25 (2nd) period of five (5) years after the base year, the difference between  
26 the base year taxes and the current year taxes for any year of such five (5)  
27 year period shall be adjusted as follows:

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29	Current year of	Taxes shall be current year taxes
30	second period of (5)	to which shall be added the
31	years	following percentage of the
32		difference between the current
33		year taxes and the base year taxes
34		(if greater than current year taxes)
35	1st year	80% of difference
36	2nd year	60% of difference

1 3rd year 40% of difference  
 2 4th year 20% of difference  
 3 5th year and thereafter Current years taxes only.

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

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

18 (b) The General Assembly shall, by law, provide for procedures to be  
 19 followed with respect to adjusting ad valorem taxes or millage pledged for  
 20 bonded indebtedness purposes, to assure that the adjusted or rolled-back rate  
 21 of tax or millage levied for bonded indebtedness purposes will, at all times,  
 22 provide a level of income sufficient to meet the current requirements of all  
 23 principal, interest, paying agent fees, reserves, and other requirements of  
 24 *the bond indenture.*

25 (c) The adjustment or rollback under this section shall not apply to  
 26 the uniform rate of ad valorem property tax established by Amendment 74 to  
 27 the Constitution of the State of Arkansas.

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29 SECTION 2. This amendment becomes effective on January 1, 2007.

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31 /s/ Mahony

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