

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

As Engrossed: H2/23/05 H3/28/05

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 ROLLBACKS UNDER
14 *AMENDMENT 59 TO THE ARKANSAS CONSTITUTION; TO*
15 *PROVIDE THAT ADJUSTMENTS OR ROLLBACKS UNDER*
16 *ARTICLE 16, SECTION 14 OF THE ARKANSAS*
17 *CONSTITUTION SHALL NOT APPLY TO THE UNIFORM RATE*
18 *OF AD VALOREM PROPERTY TAX ESTABLISHED BY*
19 *AMENDMENT 74 TO THE ARKANSAS CONSTITUTION; AND TO*
20 *PROVIDE FOR THE PAYMENT OF AD VALOREM TAXES BASED*
21 *UPON THE SALES PRICE OF A PARCEL OF REAL PROPERTY*
22 *THAT WAS VALUED FOR AD VALOREM TAX PURPOSES AS*
23 *AGRICULTURAL LAND, PASTURE LAND, OR TIMBER LAND.*

24
25 **Subtitle**

26 *AMENDING ARTICLE 16, SECTION 14 OF THE*
27 *ARKANSAS CONSTITUTION.*

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30 BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE EIGHTY-FIFTH GENERAL
31 ASSEMBLY OF THE STATE OF ARKANSAS AND BY THE SENATE, A MAJORITY OF ALL
32 MEMBERS ELECTED TO EACH HOUSE AGREEING THERETO:
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34 That the following is proposed as an amendment to the Constitution of
35 the State of Arkansas, and upon being submitted to the electors of the state
36 for approval or rejection at the next general election for Senators and



1 Representatives, if a majority of the electors voting thereon at the
2 election, adopt the amendment, the amendment shall become a part of the
3 Constitution of the State of Arkansas, to wit:

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5 SECTION 1. Section 14 of Article 16 of the Constitution of the State
6 of Arkansas is amended to read as follows:

7 § 14. Procedure for adjustment of taxes after reappraisal or
8 reassessment of property.

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

30 (i) By excluding from such calculation the assessed value of,
31 and taxes derived from, tangible personal property assessed in the taxing
32 unit, and all real and tangible personal property of public utilities and
33 regulated carriers assessed in the taxing unit and newly discovered real
34 property and new construction and improvements to real property, and

35 (ii) By computing the adjusted or rollback millage rates on the
36 basis of the reassessed taxable real property for the base year that will

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

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

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

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

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

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

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

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

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34 Current year of 35 second period of (5) 36 years	Taxes shall be current year taxes to which shall be added the following percentage of the
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1		difference between the current
2		year taxes and the base year taxes
3		(if greater than current year taxes)
4	1st year	80% of difference
5	2nd year	60% of difference
6	3rd year	40% of difference
7	4th year	20% of difference
8	5th year and thereafter	Current years taxes only.

9 (ii) If the current year taxes of a public utility or regulated
10 carrier equal or exceed the base years taxes due a taxing unit during any
11 year of the first ten (10) years after the base year, the amount of taxes to
12 be paid to such taxing unit shall thereafter be the current years taxes and
13 the adjustment authorized herein shall no longer apply in computing taxes to
14 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
17 utilities or carriers for the ten (10) year period noted above, shall be held
18 by court decision to be contrary to the constitution or statutes of this
19 State or of the Federal Government, the General Assembly may provide for
20 other utilities or classes of carriers to receive the same treatment provided
21 or required under the court order, if deemed necessary to promote equity
22 between similar 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.

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

33 (d) Upon the sale of a parcel of real property that at the time of
34 sale was valued for ad valorem tax purposes as agricultural land, pasture
35 land, or timber land, the seller of the parcel shall pay to the county tax
36 collector an amount equal to the full assessed value of the parcel

1 immediately following the sale multiplied times the ad valorem tax rate
2 applicable to the parcel in the year of the sale multiplied times three (3),
3 less the amount of ad valorem taxes paid by the owner on the parcel during
4 the three-year period preceding the sale.

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

/s/ Mahony