

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.

1 State of Arkansas  
2 86th General Assembly  
3 Regular Session, 2007

# A Bill

HOUSE BILL 2420

4  
5 By: Representatives Petrus, Lovell  
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## For An Act To Be Entitled

9 AN ACT TO IMPROVE THE VALUATION PROCESS FOR  
10 AGRICULTURAL LAND, PASTURE LAND, AND TIMBER LAND  
11 IN ORDER TO MORE ACCURATELY REFLECT PROPERTY  
12 VALUE AND TO PRODUCE ADDITIONAL REVENUES FOR  
13 PUBLIC SCHOOL DISTRICTS AND COUNTIES; AND FOR  
14 OTHER PURPOSES.

## Subtitle

15  
16 TO IMPROVE THE VALUATION PROCESS FOR  
17 AGRICULTURAL LAND, PASTURE LAND, AND  
18 TIMBER LAND IN ORDER TO MORE ACCURATELY  
19 REFLECT PROPERTY VALUE AND TO PRODUCE  
20 ADDITIONAL REVENUES FOR PUBLIC SCHOOL  
21 DISTRICTS AND COUNTIES.  
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25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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27 SECTION 1. Arkansas Code § 26-26-407(e), concerning the valuation of  
28 agricultural land, pasture land, and timber land, is amended to read as  
29 follows:

30 (e)(1) In devising and developing methods of assessing and levying the  
31 ad valorem property tax on real property, the Assessment Coordination  
32 Department shall annually develop and publish valuation tables and other data  
33 which shall be used by county assessors for assessing lands qualifying under  
34 the provisions of this subchapter.

35 (2)(A) Effective for assessment years beginning January 1, 2008,  
36 and every year thereafter, the department shall update the valuation tables



1 for assessing lands qualifying as agricultural land, pasture land, and timber  
2 land in time for counties to use the updated tables when they finish their  
3 countywide reappraisals.

4 (B) Beginning January 1, 2008, when there is a countywide  
5 reappraisal, a county shall assess agricultural land, pasture land, and  
6 timber land based upon the updated values in the valuation tables issued for  
7 the assessment year.

8 (3)(A) Effective for assessment years beginning January 1, 2008,  
9 the department by rule shall develop appropriate formulas reflecting the  
10 productivity valuation of the land based upon income capability attributable  
11 to agricultural land, pasture land, and timber land soils.

12 (B) Beginning January 1, 2008, and every year thereafter,  
13 the department shall develop and calculate a capitalization rate by totaling  
14 the following amounts:

15 (i) The yield on a thirty-year United States  
16 Treasury Bond as of December 31 of the year preceding the calculation;

17 (ii) A one percent (1%) management fee; and

18 (iii) A three and one-half percent (3.5%) risk rate.

19 (C) However, the capitalization rate developed under  
20 subdivision (e)(3)(B) of this section shall not be less than eight percent  
21 (8%) nor more than twelve percent (12%).

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