

State of Arkansas
91st General Assembly
Regular Session, 2017

As Engrossed: H3/15/17

A Bill

HOUSE BILL 2127

By: Representative Collins

For An Act To Be Entitled

AN ACT TO PROVIDE FOR THE TAXATION OF STATE-OWNED
PROPERTY THAT IS HELD UNDER A LEASE; TO ALLOW THE
ASSESSMENT AND COLLECTION OF PROPERTY TAX FROM THE
LESSEE OF CERTAIN STATE-OWNED PROPERTY; AND FOR OTHER
PURPOSES.

Subtitle

TO PROVIDE FOR THE TAXATION OF STATE-
OWNED PROPERTY THAT IS HELD UNDER A
LEASE; AND TO ALLOW THE ASSESSMENT AND
COLLECTION OF PROPERTY TAX FROM THE
LESSEE OF CERTAIN STATE-OWNED PROPERTY.

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

*SECTION 1. Arkansas Code § 26-26-905 is amended to read as follows:
26-26-905. Persons holding property.*

*(a) Property held under a lease for a term exceeding ten (10) years
belonging to ~~the state or to any~~ a religious, scientific, or benevolent
society or institution, whether incorporated or unincorporated, and school,
seminary, saline, or other lands shall be considered, for all purposes of
taxation, as the personal property of the person holding them and shall be
listed as such by the person or his or her agent, as in other cases.*

*(b)(1) For purposes of assessing and collecting ad valorem tax,
property owned by the state shall be considered the property of the lessee if
the property is held under a lease for:*

(A) An ongoing commercial or residential purpose; and



1 (B) A term of actual use or occupation that exceeds ninety
2 (90) days.

3 (2)(A) Except as provided in this subsection, a lessee of
4 property owned by the state as described under subdivision (b)(1) of this
5 section shall pay ad valorem tax on the property held under the lease for any
6 tax year during which the lease for the property is in effect.

7 (B) However, if the term of a lease described under
8 subdivision (b)(1) of this section is for less than a full tax year, the
9 amount of ad valorem tax to be paid by the lessee shall be prorated on a
10 calendar-month basis.

11 (3)(A) Within thirty (30) days of executing a lease described in
12 subdivision (b)(1) of this section, the state shall provide written
13 notification of the lease to the county assessor for the county in which the
14 lease property is located.

15 (B) The written notification required under subdivision
16 (b)(3)(A) of this section shall include without limitation the:

17 (i) Name and address of the lessee;

18 (ii) Term of the lease; and

19 (iii) Description of the leased property.

20 (4) This subsection does not apply to property owned and leased
21 by the state and used:

22 (A) For the purpose of housing any one (1) or more of the
23 following:

24 (i) Students or faculty, or both, of a state
25 institution of higher education;

26 (ii) Officials or employees, or both, of a state
27 entity; or

28 (iii) Official guests of a state entity;

29 (B) By a private person or entity for the purpose of
30 providing a service to or on behalf of a state entity;

31 (C) For academic, research, or athletic facilities or
32 purposes;

33 (D) For business and technology incubators or similar
34 facilities; or

35 (E) By a state entity or nonprofit entity, including
36 without limitation an organization that is otherwise exempt from taxation.

SECTION 2. DO NOT CODIFY. Transition.

A state entity that has an existing lease that meets the description in § 26-26-905(b)(1) shall provide the notification described under § 26-26-905(b)(3) within ninety (90) days of the effective date of this act.

SECTION 3. EFFECTIVE DATE. This act is effective for assessment years beginning on or after January 1, 2017.

/s/Collins