

1 State of Arkansas
2 95th General Assembly
3 Regular Session, 2025
4

As Engrossed: H2/27/25

A Bill

HOUSE BILL 1386

5 By: Representatives Cavanaugh, Lundstrum
6 By: Senator J. Bryant
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE LAW CONCERNING THE ASSESSMENT OF
10 PROPERTY; TO AMEND THE LAW CONCERNING SUBSTANTIAL
11 IMPROVEMENTS TO REAL PROPERTY; TO AMEND THE METHOD OF
12 VALUATION FOR REAL PROPERTY UNDER ARKANSAS
13 CONSTITUTION, ARTICLE 16, § 5; AND FOR OTHER
14 PURPOSES.

Subtitle

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18 TO AMEND THE LAW CONCERNING THE
19 ASSESSMENT OF PROPERTY; TO AMEND THE LAW
20 CONCERNING SUBSTANTIAL IMPROVEMENTS TO
21 REAL PROPERTY; AND TO AMEND THE METHOD
22 OF VALUATION FOR REAL PROPERTY UNDER
23 ARKANSAS CONSTITUTION, ARTICLE 16, § 5.
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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 § 26-26-1122(a), concerning the definitions
28 to be used in relation to Arkansas Constitution, Amendment 79, and the
29 assessment of property, is amended to add an additional subdivision to read
30 as follows:

31 (6)(A) "Substantial improvement" means an improvement to real
32 property that increases the assessed value of the real property by at least
33 twenty-five percent (25%).

34 (B) "Substantial improvement" does not include necessary
35 repairs made to real property to remedy damage done to the real property as
36 the result of a natural disaster except to the extent the repairs to the real



1 property use materials or components, or both, that are of a higher quality
2 and value than the materials and components used in the real property that
3 was damaged.

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5 SECTION 2. Arkansas Code § 26-26-1122(b), concerning the definitions
6 to be used in relation to Arkansas Constitution, Amendment 79, and the
7 assessment of property, is amended to read as follows:

8 (b) The Assessment Coordination Division may by rule define ~~the term~~
9 ~~“substantial improvements”~~ and any other term necessary to administer this
10 subchapter.

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12 SECTION 3. Arkansas Code § 26-26-1202(a)(1), concerning the procedures
13 for the valuation of property, is amended to read as follows:

14 (a)(1)(A) Each separate parcel of real property shall be valued at its
15 true market value in money, excluding the value of crops growing thereon.

16 (B) Only real property located in the state shall be
17 considered in determining the true market value of residential real property.

18 (C) Real property located outside of the state may be
19 considered in determining the true market value of commercial real property
20 only if there is no comparable commercial real property located in the state.

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22 SECTION 4. EFFECTIVE DATE. Sections 1-3 of this act are effective for
23 assessment years beginning on or after January 1, 2025.

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25 /s/Cavenaugh
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