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Arkansas' Uniform System of Real Property Assessments

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In 1999 the Arkansas Legislature made a major attempt to have real property assessed uniformly across the state by enacting Act 1185. Subsequently, the state legislature has passed additional legislation clarifying and modifying Act 1185. This fact sheet provides an overview of the legislation promoting the uniform assessment of real property in Arkansas.

Act 1185 Objectives

The broad objective of Act 1185 is as stated in the subtitle, to establish a uniform system of real property assessments within and among Arkansas counties. Specifically Act 1185:

- **Establishes and promotes a uniform system of real property assessments within and among Arkansas counties.**
- **Provides for the certification of appraisers.**
- **Establishes planning and quality assurance guidelines in each county.**
- **Furnishes materials to aid appraisers in assessing real property.**
- **Pays the cost and expenses of reappraisals.**
- **Ensures that all funds expended by the state for reappraisal services are monitored by the Assessment Coordination Department.**

Reappraisal Requirement

Act 1185 states that each county in the State of Arkansas shall be required to appraise all market value real estate at its full and fair value at least once every three years. If after reappraisal the assessed value of a parcel has increased, then one-third of the increase will be added to the assessed value of the parcel in three consecutive years beginning in the year prior to the reappraisal.

Amendment 79 to the Arkansas Constitution limits the annual increase in the assessed value of a taxpayer's principal place of residence (homestead) to not more than 5 percent of the assessed value for the previous year. For other real property, Amendment 79 limits the annual increase in the assessed value of the property to not more than 10 percent of the assessed value for the previous year.

Subsequently, the Arkansas Legislature passed Act 1058 of 2001 which requires counties to appraise real property every three or five years depending on the growth of real property values between reappraisals. If the market value growth exceeds 15 percent in a three-year reappraisal, the county will remain on a three-year cycle. If growth is less than 15 percent, the county will go on a five-year cycle with a growth test of 25 percent over the five years. A county on a five-year reappraisal cycle with real property growth of more than 25 percent will be required to return to a three-year cycle.

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Beginning August 12, 2005, as per Act 2259 of 2005, counties will calculate growth in real property from the year before the beginning of a reappraisal cycle to the year the cycle is completed.

Assessment Coordination Department Responsibilities

The Assessment Coordination Department determined which counties had to reappraise real property in 2002, 2003 and 2004 based on a predetermined set of criteria. The Assessment Coordination Department was also given a mandate to:

- Develop and implement rules relating to reappraisal procedures to be followed by counties.
- Determine whether a county's reappraisal management plan meets the requirements.
- Develop and implement rules relating to training, experience and testing requirements for determining whether a person is qualified to manage a reappraisal.
- Determine if county-wide reappraisals meet the requirements as specified by the Department and issue a report on the county's reappraisal status.
- Enter into contracts with private entities for appraisal services on behalf of taxing units if county reappraisal management plans do not meet the specified requirements.

County Responsibilities

- Each county shall follow the reappraisal procedures established by the Department and file a reappraisal management plan with the Department no later than November 1 (Act 1445 of 2005) of the year preceding the commencement of reappraisal. The plan shall specify a proposed budget, personnel needs and projected annual progress with respect to discovery, listing and valuation of property.
- Each county must have a qualified person manage the reappraisal. The reappraisal manager must meet the requirements as specified by the Department.
- County assessors, or those responsible for assessing the value of real property, shall employ computer assisted mass appraisal (CAMA) systems approved by the Department.

Real Property Reappraisal Fund

Act 1185 also creates the Arkansas Real Property Reappraisal Fund. The proceeds of this fund will be used to pay counties and/or professional reappraisal companies for the county-wide reappraisals of real property required by this Act. These funds are in lieu of real property reappraisal funding by the local taxing units in each county.

Millage Adjustment or Rollback

If the reappraisals required by Act 1185 result in a tax increase of more than 10 percent to a local taxing unit (i.e., city, county, school, etc.), then local taxing units are required to adjust or roll back millage rates as per previous legislation (Arkansas Code 26-26-401 through 26-26-409).

Summary

Act 1185 and subsequent legislation are intended to promote a more uniform system of real property assessments in the state. Implementation of this legislation should ensure that real property is assessed using the same standards and procedures regardless of its location in the state. The legislation also requires that every county undertake a complete county-wide reappraisal every three or five years depending on the increase in real property values between reappraisals. Therefore, all real property in a county will be reappraised in the same year and often enough so that assessments from reappraisals will not increase as dramatically as they would if reappraisals were undertaken less often.

More information about real property assessment is available from the Arkansas Assessment Coordination Department. Their web site URL is www.arkansas.gov/acd/.

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