

State of Arkansas
92nd General Assembly
Regular Session, 2019

A Bill

HOUSE BILL 1321

By: Representative L. Fite

By: Senator B. Johnson

For An Act To Be Entitled

AN ACT TO AMEND THE HOMESTEAD PROPERTY TAX CREDIT; TO INCREASE THE HOMESTEAD PROPERTY TAX CREDIT; TO REQUIRE CERTAIN LEGISLATIVE COMMITTEES TO STUDY THE SALES AND USE TAX USED TO FUND THE HOMESTEAD PROPERTY TAX CREDIT AND A FORMULA FOR DETERMINING THE AMOUNT OF THE HOMESTEAD PROPERTY TAX CREDIT; AND FOR OTHER PURPOSES.

Subtitle

TO INCREASE THE HOMESTEAD PROPERTY TAX CREDIT; AND TO REQUIRE A STUDY OF THE FUNDING OF THE HOMESTEAD PROPERTY TAX CREDIT AND A FORMULA FOR DETERMINING THE AMOUNT OF THE HOMESTEAD PROPERTY TAX CREDIT.

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

SECTION 1. Arkansas Code § 26-26-1118(a)(1)(A), concerning the homestead property tax credit and the limitation on the increase of a property's assessed value for property tax purposes, is amended to read as follows:

(a)(1)(A) There is established a homestead property tax credit for each assessment year that reduces the amount of real property taxes assessed on the homestead of each property owner by ~~three hundred fifty dollars (\$350)~~ three hundred seventy-five dollars (\$375).



SECTION 2. DO NOT CODIFY. Interim study.

(a) The Senate Committee on Revenue and Taxation and the House Committee on Revenue and Taxation, meeting jointly, shall study the:

(1) Amount of the homestead property tax credit under § 26-26-1118, including without limitation the formula for calculating and administering the homestead property tax credit set out in subsection (b) of this section; and

(2) Sales and use tax levied to fund the homestead property tax credit under §§ 26-52-302(c), 26-52-317(c)(1)(B), 26-52-319(a)(2)(B), 26-53-107(c), 26-53-145(c)(1)(B), 26-53-148(a)(2)(B), and 26-56-224(c)(2).

(b)(1) The purpose of this subsection is to set out a proposed formula, to be studied as provided under this section, for the calculation and administration of the homestead property tax credit.

(2)(A) By December 1 of each year, the county assessor of each county shall calculate and certify to the Director of the Department of Finance and Administration the total number of parcels of real property that are used as homesteads, as defined under § 26-26-1122, and that are eligible for the homestead property tax credit for the county for the corresponding calendar year.

(B) By December 15 of each year, the director shall:

(i) Calculate and certify the total number of parcels of real property that are used as homesteads, as defined under § 26-26-1122, and that are eligible for the homestead property tax credit for the state in the corresponding calendar year based on the information certified by the county assessors under subdivision (b)(2)(A) of this section; and

(ii) Notify the Executive Director of the Association of Arkansas Counties of the number of homesteads eligible for the homestead property tax credit certified for the state under subdivision (b)(2)(B)(i) of this section.

(3) By December 31 of each year, the director shall:

(A) Calculate and certify the anticipated balance of the Property Tax Relief Trust Fund on December 31 of the corresponding calendar year;

(B) Calculate the homestead property tax credit to be used under § 26-26-1118 by:

(i) Subtracting forty million dollars (\$40,000,000) from the certified amount under subdivision (b)(3)(A) of this section;

(ii) Dividing the difference under subdivision (b)(3)(B)(i) of this section by the number certified under subdivision (b)(2)(B)(i) of this section;

(iii) Rounding the quotient under subdivision (b)(3)(B)(ii) as follows:

(a) If the quotient is greater than zero dollars (\$0.00) but less than twenty-five dollars (\$25.00), then the quotient shall be rounded down to zero dollars (\$0.00);

(b) If the quotient is greater than twenty-five dollars (\$25.00) but less than fifty dollars (\$50.00), then the quotient shall be rounded down to twenty-five dollars (\$25.00);

(c) If the quotient is greater than fifty dollars (\$50.00) but less than seventy-five dollars (\$75.00), then the quotient shall be rounded down to fifty dollars (\$50.00);

(d) If the quotient is greater than seventy-five dollars (\$75.00), then the quotient shall be rounded down to seventy-five dollars (\$75.00);

(e) If the quotient is less than zero dollars (\$0.00) but greater than negative twenty-five dollars (-\$25.00), then the quotient shall be rounded up to zero dollars (\$0.00); or

(f) If the quotient is less than negative twenty-five dollars (-\$25.00), then the quotient shall be rounded up to the nearest increment of negative twenty-five dollars (-\$25.00); and

(iv)(a) Adding the rounded amount under subdivision (b)(3)(B)(iii) of this section to the homestead property tax credit amount in effect on October 15 of the corresponding calendar year.

(b) However, the homestead property tax credit shall not be reduced to an amount less than three hundred dollars (\$300);

(C) Certify the homestead property tax credit amount calculated in subdivision (b)(3)(B)(iv) of this section to the Executive Director of the Association of Arkansas Counties; and

(D) Notify each county assessor in the state of the homestead property tax credit amount certified under subdivision (b)(3)(C) of this section.

SECTION 3. EFFECTIVE DATE. Section 1 of this act is effective for assessment years beginning on or after January 1, 2019.