

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas
95th General Assembly
Regular Session, 2025

As Engrossed: H2/27/25

A Bill

HOUSE BILL 1386

By: Representatives Cavanaugh, Lundstrum

By: Senator J. Bryant

For An Act To Be Entitled

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

Subtitle

TO AMEND THE LAW CONCERNING THE ASSESSMENT OF PROPERTY; TO AMEND THE LAW CONCERNING SUBSTANTIAL IMPROVEMENTS TO REAL PROPERTY; AND TO AMEND THE METHOD OF VALUATION FOR REAL PROPERTY UNDER ARKANSAS CONSTITUTION, ARTICLE 16, § 5.

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

SECTION 1. Arkansas Code § 26-26-1122(a), concerning the definitions to be used in relation to Arkansas Constitution, Amendment 79, and the assessment of property, is amended to add an additional subdivision to read as follows:

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

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



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

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

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

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

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

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

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

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

/s/Cavenaugh