

Title 26. Taxation

Chapter III. Assessment Coordination Division, Department of Finance and Administration

Subchapter A. Generally

Part 213. Implementation of Specific Statutes

Codification Notes. This part as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"RULE 4.02

GENERAL AUTHORITY TO PROMULGATE RULES & PRESCRIBE FORMS

STATUTORY AUTHORITY: A.C.A. 25-15-203, 26-24-107, 26-26-308 and 26-26-409

Adopted 10/01/99"

"RULE 4.06

COUNTYWIDE REAPPRAISAL OF PROPERTY

STATUTORY AUTHORITY: A.C.A. 26-26-306 (Acts 1997, No. 836 Section 2)

STATUTORY AUTHORITY: A.C.A. 26-26-308 (Acts 1997, No. 836 Section 4)

Adopted 10/01/99"

"RULE 4.16

PROPERTY USED FOR OTHER THAN CHURCH PURPOSES

STATUTORY AUTHORITY: A.C.A. 26-26-1113 (c) (1); (Act 1987, No. 1040, Sections One, Two)

The Assessment Coordination Department shall promulgate reasonable rules to effectuate the provisions of this chapter.

Adopted 10/01/99"

"RULE 4.21 AUTHORITY TO PROMULGATE RULES FOR THE IMPLEMENTATION OF UNIFORM CAMA STANDARDS

STATUTORY AUTHORITY: ACT 1417 of 2005

By July 1, 2005 the Assessment Coordination Department shall adopt and implement by rules final specifications for computer assisted mass appraisal software.

The rules may provide a procedure by which the Assessment Coordination Department may directly compensate computer assisted mass appraisal software providers who are in compliance with requirements set forth in the final specifications for computer assisted mass appraisal software."

Subpart 1. Generally

26 CAR § 213-101. Procedures generally — Extension of levy date.

(a) All requests for an extension of time within which to levy taxes shall be addressed to the Director of the Assessment Coordination Division, dated and signed by both the county judge and the county clerk.

(b) All requests must state the levy date that the county officials seek to extend and the reason for the request resulting from reappraisal or rollback of taxes.

Authority. Arkansas Code § 26-24-107.

Codification Notes. This section as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"STATUTORY AUTHORITY: A.C.A. 14-14-904 (Acts. 1997, No. 1300 Section 24)"

"Adopted 10/01/99"

26 CAR § 213-102. Extension of time.

(a) All requests for an extension of time shall:

(1) Be addressed to the Director of the Assessment Coordination Division; and

(2) Clearly describe the report that is the subject of the extension along with the time sought and the reason for the request.

(b) All requests shall be signed by the person making the request and include that person's title.

Authority. Arkansas Code § 26-24-107.

Codification Notes. This section as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"STATUTORY AUTHORITY: A.C.A. 26-24-108 (Acts 1927, No.129 Section 12; Pope's Dig., Section 2038)"

"Adopted 10/01/99"

Subpart 2. Ratio of Assessed Value to Market Value — Effects on State Aid or Turn-back Funds

Codification Notes. This subpart as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"STATUTORY AUTHORITY: A.C.A. 26-26-304 (Acts 1955, No. 153 Sections 9,12; Acts 1957, No. 304 Section 1; Acts 1959, No. 31 Section 1; Acts 1959, No. 244 Section 1; Acts 1969, No. 60 Section 1; Acts 1987, No. 838, Section 1; Acts 1997, No. 440 Section 2(g)."

"Adopted 10/01/99"

26 CAR § 213-201. Purpose, authority, and objective of ratio study rules.

(a) **Purpose.** The purpose of this part is to ensure that real property in Arkansas is appraised accurately and uniformly in accordance with constitutional and statutory requirements, most notably Arkansas Code § 26-26-1902 and § 26-26-304(e)(1).

(b) **Authority.**

(1) Arkansas Code § 26-26-304 directs the Assessment Coordination Division to prepare a ratio study by classification for each county and school district in valuation years.

(2) This part sets forth the:

(A) Procedures the division will follow in conducting these studies for properties appraised on a market value standard; and

(B) Requirements of counties and contractors in assisting the division in effective completion of such studies.

(3) References to “counties” in this part include contractors or vendors who work for or assist counties in the revaluation and assessment process.

(c) **IAAO standards.**

(1) Arkansas Code § 26-26-304(a)(3) directs the division to use generally accepted valuation procedures and techniques found in the International Association of Assessing Officers’ (IAAO) standards on ratio studies.

(2) As a general matter, both the assessors and the division should follow IAAO standards in preparing sales for the ratio study and in conducting such studies.

(3)(A) This part is intended to provide specific guidance and requirements for conducting ratio studies in Arkansas consistent with IAAO standards.

(B) However, where there may be differences or discrepancies between this part and IAAO standards, this part shall control.

(d) **Property type.**

(1) Property values must be uniform among and within major property types.

(2) The division’s ratio study of real properties appraised on a market value standard shall utilize the following three (3) major types or classes of property:

(A) Residential properties, including multi-family properties with four (4) units or less;

(B) Vacant land, regardless of zoning or probable use; and

(C) Commercial and industrial properties, including multi-family properties with five (5) or more units.

(e) **Market areas.**

(1) Property values must be uniform across and within major geographic divisions of a county.

(2) Each county shall define major geographic areas, termed "market areas".

(3) Each market area shall contain between one thousand (1,000) and twenty thousand (20,000) parcels, depending on value patterns and the economic diversity of the county.

(4) Market areas can be viewed as groups of neighborhoods in the same geographic area or areas that share similar economic characteristics and price ranges.

(5) Smaller or economically homogeneous counties may have a single market area.

(f) **Technology.**

(1) The ratio study shall be performed efficiently using modern data processing technology.

(2) Counties must submit data to the division in electronic format in standard formats provided by the division.

Authority. Arkansas Code §§ 26-24-107, 26-26-308.

26 CAR § 213-202. Ratio study required dates.

(a) **January 31.**

(1)(A) By January 31 of each year all counties shall submit to the Assessment Coordination Division an electronic file of all real property appraised.

(B) This file will be referred to as the ACD Extract Report.

(2) This file shall include all deeds for the prior three (3) calendar years.

(3) The file shall include the following items for each deed:

(A) Parcel number;

- (B) Property type code, the primary use code of the property;
- (C) Market area code;
- (D) Neighborhood code, actual neighborhood used in location analysis;
- (E) The current land, building, and total appraised values of the property before consideration of value caps, partial exemptions, etc.;
- (F) The previous land, building, and total appraised values of the property before consideration of value caps, partial exemptions, etc.;
- (G) The sale date, sale price (with any adjustments to the price noted in the sales/ratio comments), sale type (vacant or improved), deed type, deed book, deed page, grantor, grantee, and sales validation code;
- (H) Sales/ratio-related comments, comments for sales validation and/or adjustments to sales price (i.e., personal property, financing, etc.);
- (I) Tax/school district;
- (J) Subdivision name or section, township, and range for unplatted parcels;
- (K) The land size and primary unit of measurement (lot, acres, square feet, etc.);
- (L) Location factor;
- (M) The occupancy type code, total living area, construction grade, grade adjustment factor, year built (if available), effective age, and remaining economic life of the primary building in the case of residential properties;
- (N) The occupancy type code, gross building area, Marshall & Swift construction class code (A, B, C, D, or S), building quality code, quality adjustment factor, year built (if available), effective age, and remaining economic life of the primary building in the case of commercial and industrial properties;
- (O) The current total appraised value for any newly discovered property;
- (P) Homestead credit code;
- (Q) The current total taxable assessed value of the property; and
- (R) Total number of property record cards associated with parcel.

(4) The file shall contain one (1) row per deed and must be in a format that is directly compatible with Excel.

(5) The template and exact order of items for this file will be determined by the division so that the report is standardized regardless of CAMA provider.

(6) In addition to the above mentioned files each county must submit in electronic format the following codes with descriptions:

- (A) Deed types;
- (B) Property types; and
- (C) Sales validation codes.

(b) March 1.

(1) By March 1 the division shall prepare a preliminary ratio study for each revaluation county that sets forth the level and uniformity of assessments in the county based on existing assessed values.

(2) Sales used in the study will not be adjusted for time.

(c) April 1. By April 1 the division will:

(1) Determine appropriate time adjustment factors for each county for each of the three (3) major property classifications described in 26 CAR § 213-201(d) based on sales submitted by the county; and

(2) Provide the results to the county.

(d) June 1.

(1) By June 1 counties must:

(A) Notify the division of any disagreements with its time adjustment factors; and

(B) Submit any requested changes or modifications to the adjustments.

(2) See also 26 CAR § 213-204(a) and (b).

(e) July 1.

(1)(A) By July 1 counties conducting revaluations shall submit to the division an electronic file of all real property appraised.

(B) This file will be referred to as the division Extract Report.

(2) This file shall include:

(A) All deeds for the prior three (3) calendar years; and

(B) The following items for each deed:

(i) Parcel number;

(ii) Property type code, the primary use code of the property;

(iii) Market area code;

(iv) Neighborhood code, actual neighborhood used in location

analysis;

(v) The current land, building, and total appraised values of the property before consideration of value caps, partial exemptions, etc.;

(vi) The previous land, building, and total appraised values of the property before consideration of value caps, partial exemptions, etc.;

(vii) The sale date, sale price (with any adjustments to the price noted in the sales/ratio comments), sale type (vacant or improved), deed type, deed book, deed page, grantor, grantee, and sales validation code;

(viii) Sales/ratio-related comments, comments for sales validation and/or adjustments to sales price (i.e., personal property, financing, etc.);

(ix) Tax/school district;

(x) Subdivision name or section, township, and range for unplatted parcels;

(xi) The land size and primary unit of measurement (lot, acres, square feet, etc.);

(xii) Location factor;

(xiii) The occupancy type code, total living area, construction grade, grade adjustment factor, year built (if available), effective age, and remaining economic life of the primary building in the case of residential properties;

(xiv) The occupancy type code, gross building area, Marshall & Swift construction class code (A, B, C, D, or S), building quality code, quality adjustment factor, year built (if available), effective age, and remaining economic life of the primary building in the case of commercial and industrial properties;

(xv) The current total appraised value for any newly discovered property;

(xvi) Homestead credit code;

(xvii) The current total taxable assessed value of the property; and

(xviii) Total number of property record cards associated with parcel.

(3) The file shall contain one (1) row per deed and must be in a format that is directly compatible with Excel.

(4) The template and exact order of items for this file will be determined by the division so that the report is standardized regardless of CAMA provider.

(5) In addition to the above mentioned files, each county must submit in electronic format the following codes with descriptions:

(A) Deed types;

(B) Property types; and

(C) Sales validation codes.

(f) **September 15.** By September 15 the division shall prepare a final ratio study for each evaluation county setting forth the level and uniformity of assessments in the county for the revaluation year.

Authority. Arkansas Code §§ 26-24-107, 26-26-308.

Codification Notes. "CAMA" means computer-assisted mass appraisal.

This section as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"Adopted as corrected 10/14/2008

Amended by emergency procedure 06/12/09

Amended by permanent procedure 04/26/10

Amended by emergency procedure 01/31/2014

Amended by permanent procedure 07/23/2014"

26 CAR § 213-203. Sales used in ratio studies.

(a) Sales time frame.

(1) In counties with at least fifty thousand (50,000) real property parcels, the ratio study will use:

- (A) One (1) year of sales for vacant and residential properties; and
- (B) Two (2) years of sales for commercial and industrial properties.

(2) For all other counties the study will use:

- (A) Two (2) years of sales for vacant and residential properties; and
- (B) Three (3) years of sales for commercial and industrial properties.

(b) Audit of county submissions. The Assessment Coordination Division will compare county sales submissions against records maintained by county recorders to ensure that all warranty deeds have been timely submitted.

(c) Sales validation codes.

(1) Counties shall assign one (1) of the following validation codes to each sale to be included on all sales submitted to the division:

- 00 UV Unverified sale
- 01 VS Valid sale
- 02 GO Sale to or from a government agency
- 03 CH Sale to or from a charitable, religious, or educational institution
- 04 FI Sale in which a financial institution is the buyer in lieu of foreclosure, or in which a financial institution is the seller and the property is not exposed to the open market
- 05 RL Sale between related parties (Ex. Family transaction, employer/employee transaction, inter-company transaction)
- 06 CV Sale of convenience, e.g., to correct a title defect or

- create a joint tenancy
- 07 ES Sale settling an estate
 - 08 FS Forced sale – seller is sheriff, receiver, or court officer
 - 09 DT Sale of doubtful title
 - 10 TR Sale involving a trade
 - 11 PI Sale of a partial interest in the property
 - 12 CT Sale involving a land contract (including payoff of the contract)
 - 13 CS Significant improvement (e.g., room addition or renovation) to a property between sale date and assessment date
 - 14 AS Assemblage sale – purchase of an adjoining property at a premium price
 - 15 MU Sales that fail to constitute an economic unit of multiple properties (includes bulk sales of properties to a developer or builder)
 - 16 PP Sale involving personal property of significant but undeterminable value (see discussion in 26 CAR § 213-204(c))
 - 17 OF Sale involving non-market financing or other non-real estate considerations of significant but undeterminable value (see discussion in 26 CAR § 213-204(d))
 - 18 FD Future Development/Sale includes new dwelling to be assessed
 - 19 MH Sale includes mobile home
 - 20 AL Land priced as AG, not priced at market value

(2) Information codes considered valid sales:

- 25 VA Primary parcel of a group of parcels that have sold
- 26 AP Additional parcels that are linked to the primary parcel

(d) Audit of county validation codes.

(1) The division will audit a random sample of sales submitted by each revaluation county to ensure that validation codes have been correctly assigned, including:

- (A) Residential sales;
- (B) Commercial sales; and
- (C) Vacant sales, if available.

(2) The division shall share its audit findings with the county, and the county shall have an opportunity to dispute its findings.

(3) If the division determines that more than ten percent (10%) of sampled vacant, residential, or commercial sales are incorrectly coded, it shall not use validation codes submitted by the county for that property class, but rather shall:

- (A) Use electronic edits;
- (B) Select and validate a random sample of sales; or
- (C) Take other measures deemed appropriate to ensure a valid study.

(e) Sales valid for study.

(1) The division shall use sales coded as 01 (VS), 00 (UV), 25 (VA), and 26 (AP) in its ratio studies.

(2) If there is a disagreement between a county and the division as to the proper validation code for a sale, the division shall use the code it considers most appropriate.

(3) The 01 (VS), 00 (UV), 25 (VA), and 26 (AP) sales shall be subject to electronic edits (see 26 CAR § 212-209).

(f) Multiple sales of the same property. If more than one (1) valid sale occurs for a property during the time frame of the study, all sales considered valid shall be used in the study.

(g) Multiple parcel sales.

(1) Sales of multiple parcels that constitute a single economic unit should be included in the study by summing the assessments and comparing the total assessed value with the sale price.

(2) Such sales should be screened in the same manner as individual parcel sales to determine whether they are legitimate representations of market value.

(h) New construction sales. To help ensure that vacant land sales are not compared with assessments that reflect recent improvements and to prevent the study from being disproportionately influenced by new construction, sales involving new construction (e.g., as indicated by the year built) shall not be used in the ratio study.

(i) Low-value properties.

(1) The lowest ten percent (10%) of residential assessed values and the lowest ten percent (10%) of commercial/industrial assessed values shall be excluded from the study.

(2) The lowest ten percent (10%) of vacant land assessed values or all vacant land assessed values less than or equal to four hundred dollars (\$400) (two thousand dollars (\$2,000) full value), whichever is higher, shall be excluded from the study.

(3) These properties will be removed prior to conducting electronic edits.

(j) High-value commercial properties.

(1) Any property that constitutes more than five percent (5%) of the total assessed value of commercial and industrial properties in a county will be excluded from the study.

(2) These properties will be removed prior to electronic edits.

(k) Electronic edits.

(1) The division may conduct statistical-based edits to filter properties with atypical features, sales prices, or assessment-to-sale ratios from the study.

(2) Not more than approximately five percent (5%) of sales shall be filtered from the study based on ratio alone.

(l) Appraisals.

(1) In order to achieve adequate sample size and representativeness for commercial and industrial properties, the division may appraise a random sample of such properties.

(2) All three (3) approaches to value shall be considered.

(3) The approach emphasized in a particular appraisal shall be appropriate for the type of property in question.

(4) The assessor and appraisal contractor shall be afforded an opportunity to:

(A) Review the appraisals; and

(B) Submit information supporting different value conclusions.

(5) Conflicts will be resolved by an independent third party review if different value conclusions will materially affect the outcome of the study.

(6) The appraisal will serve as surrogate commercial/industrial sales in the study.

(7) The division will not conduct appraisals of vacant or residential properties.

Authority. Arkansas Code §§ 26-24-107, 26-26-308.

Codification Notes. This section as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

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Amended by permanent procedure 04/26/10

Amended 07/23/2014"

26 CAR § 213-204. Adjustment of sales for ratio studies.

(a) Time adjustments.

(1) All sales used in the ratio study shall be adjusted for time as necessary to January 1 of the assessment year.

(2) The Assessment Coordination Division shall conduct time analysis studies using the techniques set forth in the IAAO Standard on Ratio Studies and the IAAO textbook, Mass Appraisal of Real Property.

(3) Counties may submit documented time adjustments to the division, which the division may rely on if it finds that the adjustments are based on sound methodology and adequately reflect the market.

(4) The division shall have authority to determine final time adjustments used in its ratio studies.

(b) Time adjustment categories.

(1) The division will conduct time adjustment analyses for:

- (A) Residential properties;
- (B) Vacant properties; and
- (C) Commercial/industrial properties.

(2) For purposes of these analyses, it may combine properties of the same type in counties that are similar in terms of their economic base and geographic location.

(c) Personal property adjustments.

(1) If a sale includes personal property of significant value and the value of the personal property can be determined with reasonable accuracy, the value of the personal property shall be subtracted from the sale price and the adjusted price used in the study.

(2) If the value of the personal property appears to be five percent (5%) or more of the sale price but its value cannot be determined with reasonable accuracy, or if the value appears to exceed twenty-five percent (25%) of the price, the sale shall be excluded.

(d) Other adjustments.

(1) Counties may also make adjustments to sales prices for:

- (A) Cash equivalency;
- (B) Assumed leases; and

(C) Other non-real estate considerations that significantly affect the price paid for a property.

(2) The basis for these adjustments must be documented and available for inspection by the division.

(3) As a general principle, sales that require difficult or subjective adjustments should be excluded from the study (assign validation code 17 or OF).

Authority. Arkansas Code §§ 26-24-107, 26-26-308.

Codification Notes. "IAAO" means International Association of Assessing Officers.

26 CAR § 213-205. Compliance with ratio studies standards required.

(a) Level of compliance.

(1) Counties conducting a revaluation must comply with ratio study standards for real property appraised on a market value basis both on an overall basis and for each of the following three (3) major property type strata:

- (A) Residential;
- (B) Vacant land; and
- (C) Commercial and industrial.

(2) In addition, ratio study standards must be achieved for residential properties and vacant land within each market area.

(b) Overall level of assessment.

(1) The overall level of assessment must be from .18 to .22.

(2) The overall level of assessment shall be computed as a weighted average of the median ratio determined for each of the three (3) major classes:

- (A) Residential;
- (B) Vacant; and
- (C) Commercial/industrial.

(3) The weight assigned to each major class shall be proportionate to the estimated market value of the class.

(4) Any property that constitutes more than five percent (5%) of the assessed value of its class shall be omitted for purposes of the calculation.

(c) Level of assessment of class.

(1) The level of assessment for each major class (residential, vacant, and commercial/industrial) must be from eighteen percent (18%) to twenty-two percent (22%).

(2) The Assessment Coordination Division shall conclude that a county has failed this requirement if statistical analysis reveals with ninety-five percent (95%) confidence that:

(A) The true median assessment level is below eighteen percent (18%) or above twenty-two percent (22%); or

(B) Equivalently that a ninety percent (90%) confidence interval for the median falls entirely below eighteen percent (18%) or entirely above twenty-two percent (22%).

(d) Level of assessment of market area.

(1) The level of assessment for residential properties and vacant land within each market area of a county must be from eighteen percent (18%) to twenty-two percent (22%).

(2) The division shall conclude that a county has failed this requirement if statistical analysis reveals with ninety-five percent (95%) confidence that:

(A) The true median assessment level is below eighteen percent (18%) or above twenty-two percent (22%); or

(B) Equivalently that a ninety percent (90%) confidence interval for the median falls entirely below eighteen percent (18%) or entirely above twenty-two percent (22%).

(e) Uniformity of assessment.

(1)(A) The coefficient of dispersion (COD) must meet the standards shown below.

(B) The division shall conclude that these standards are not met when a statistical analysis reveals with ninety-five percent (95%) confidence that the true COD is greater than the required COD.

(C) The procedure outlined in Robert J. Gloude-mans' "Confidence Intervals for the COD: Limitations and Solutions", Assessment Journal (IAAO, November/December 2001), will be used for this purpose.

(2) **Residential property.** The COD must be:

(A) 15.0 or less in market areas located in counties with fifty thousand (50,000) or more parcels; and

(B) 20.0 or less in market areas located in counties with less than fifty thousand (50,000) parcels.

(3) **Vacant land.** The COD must be:

(A) 20.0 or less in market areas located in counties with fifty thousand (50,000) or more parcels; and

(B) 25.0 or less in market areas located in counties with less than fifty thousand (50,000) parcels.

(4) **Commercial property.** The COD must be:

(A) 20.0 or less in counties with fifty thousand (50,000) or more parcels; and

(B) 25.0 or less in smaller counties.

(5) As experience is gained, the division may tighten these standards so that they are closer to or equivalent with IAAO standards for the COD.

(f) **Failure to comply.** If a county fails to meet the level or uniformity standards set forth in subsections (b) – (e) of this section, above, the division shall:

(1) Promptly notify the county assessor, the appraisal manager, the board of equalization, and the county judge of the out-of-compliance status and withholding of funding; and

(2) Invoke the corrective actions outlined in Arkansas Code § 26-26-304(f).

(g) **Selective appraisal of sold properties.**

(1) The division shall vigilantly monitor whether counties are appraising unsold properties in the same manner as sold properties.

(2) Such tests shall include but not be limited to a comparison of percentage changes in value for sold and unsold properties of the same property type in the same market area (excluding new parcels and parcels with new construction).

(3) The division may also employ other tests of selective appraisal outlined in IAAO ratio study standards and the IAAO textbook, Mass Appraisal of Real Property.

(4) If the division determines that a county is not appraising unsold properties in a property type, market area, or other property stratum in the same manner as sold properties, the division shall:

(A) Deem that the county has failed that portion of the ratio study and its responsibility to appraise properties uniformly at market value; and

(B) Invoke the corrective actions outlined in Arkansas Code § 26-26-304(f).

Authority. Arkansas Code §§ 26-24-107, 26-26-308.

Codification Notes. "IAAO" means International Association of Assessing Officers.

26 CAR § 213-206. Appeal of results of ratio study findings.

(a) Appeals to the Director of the Assessment Coordination Division.

Arkansas Code § 26-26-304(g) provides that a county that is aggrieved at the findings of the ratio study may:

(1) Appeal the results to the Director of the Assessment Coordination Division;
and

(2) Have the right to examine the Assessment Coordination Division's records.

(b) Openness. The division shall:

(1) Provide the results of its statistical analyses to counties; and

(2) Upon request, provide the underlying data and statistical algorithms used in its calculations.

(c) **Further appeal.** At their option, counties may pursue other avenues of appeal of the findings of the division as provided by the laws and courts of the State of Arkansas.

Authority. Arkansas Code §§ 26-24-107, 26-26-308.

Subpart 3. Other Components of Ratio Study

Codification Notes. This subpart as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

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Amended 04/26/10
Amended 07/23/14"

26 CAR § 213-301. Agricultural land classification.

(a) Method of conducting agricultural land classification.

(1)(A) In conducting this component of the ratio study, the Assessment Coordination Division shall use generally accepted valuation procedures, statistical compilation, and analysis techniques found in the International Association of Assessing Officers standards on ratio studies.

(B) See Standard on Ratio Studies, approved July 1990, International Association of Assessing Officers, or the current edition of same, hereafter referred to as SORS, which incorporates selected chapters and appendices of the Property Appraisal and Assessment Administration, published by the International Association of Assessing Officers, 1990 edition or current edition, hereafter referred to as PAAA.

(2) **Definition of terms.** Terms used in connection with the ratio study on market value real property shall be as defined in SORS and PAAA.

(3) The ratio study on agriculture land shall be based on a physical examination of the records of each assessor's office to determine the degree of compliance with the criteria established in the division's agricultural land values publication.

(b) **Method of determining agricultural land samples.**

(1) The Field Auditor will select one hundred (100) random samples.

(2) Sales are not used.

(3) The appropriate number of random samples shall be divided in accordance with the proportion of agricultural parcels per school district.

(4) Any prospective sample to be excluded shall be recorded and validity of the exclusion must be documented.

(c) **Selection of samples.**

(1) Agricultural samples will normally be worked between January 1 and April 19 of the valuation year, but they may be worked earlier or later depending on when the county or contractor has completed soil coding.

(2) By rule, fifty percent (50%) of soil coding must be complete by April 19 of the valuation year.

(3) Selected samples are used for both the ratio study and for a performance audit.

(4) The Field Auditor will determine during the valuation audit if the proper schedule of agricultural values established by the division has been adopted.

(d) **Procedure.**

(1) In July of each year the division will perform a ratio study to determine whether the county has followed guidelines for the valuation of agricultural land in compliance with Arkansas Code § 26-26-407.

(2) The following is the procedure used by the division in determining each county's agricultural land ratio:

(A)(i) Publications by the division containing the agricultural land value tables for the Southwest, Delta, Ozark, and Ouachita regions of Arkansas shall be used to determine land values for agricultural land.

(ii) The tables represent the Land Capability Classification System, as designated by the United States Natural Resources Conservation Service.

(iii) There are three (3) categories of agricultural land consisting of crop, pasture, and timber, each with a value representing the productivity of the eighteen (18) soil classes, if applicable (represented by a division number).

(iv) This is in compliance with Arkansas Code § 26-26-407;

(B) For each sample, a ratio is computed using the county's assessed value and the total parcel value calculated by the division's Field Auditor;

(C)(i) To determine the county assessment ratio on agricultural land of the samples being used, totals are calculated of the county's assessments and of the total land values as determined by the division's field auditors.

(ii) The total assessment is then divided by the division's total land values, and that total is multiplied times one hundred (100) to establish the percent ratio for the county; and

(D) Field auditors will discuss their findings regarding irregularities in agricultural land with the assessor prior to August 1.

Authority. Arkansas Code §§ 26-24-107, 26-26-308.

26 CAR § 213-302. Business personal classification.

(a) Examination of records.

(1) This component of the ratio study shall be based on a physical examination of the current year's records of each assessor's office to determine the degree of compliance with the criteria established in the Standard on Valuation of Personal Property published by the International Association of Assessing Officers (IAA).

(2) When the fieldwork commences for the current year, instructions as to the number of business personal commercial samples shall be provided.

(b) Method of determining number and location of samples.

(1) The minimum sample size for each county shall be determined by the population of the county as reflected in the latest final census figures and the number of businesses therein.

(2) Those counties with populations of:

(A) Twenty-nine thousand nine hundred ninety-nine (29,999) and below shall have twenty (20) samples;

(B) Thirty thousand (30,000) through sixty-nine thousand nine hundred ninety-nine (69,999) shall have forty (40) samples;

(C) Seventy thousand (70,000) through one hundred ninety-nine thousand nine hundred ninety-nine (199,999) shall have fifty (50) samples; and

(D) Two hundred thousand (200,000) and above shall have ninety (90) samples.

(c) Selection of samples.

(1) After determining the total business personal parcels in the county, the number of samples needed shall be divided into that figure to set the selection interval.

(2) However, if a business tentatively selected by this method results in a sample that does not fit into a category recognized in the square-foot section of the Commercial Personal Property Appraisal Manual, then the next business shall be selected.

(d) Procedure.

(1) When the Commercial Personal Property Sample Form has been completed on all of the businesses selected for use in the study, the Field Auditor shall:

(A) Go to the business site;

(B) Compute the square footage; and

(C) Grade the inventory and the furniture and fixtures as to density and quality.

(2) In August, the Field Auditor shall:

(A) Return to each county after the county has completed its personal property assessments for the current year; and

(B) Complete the Commercial Personal Property Takeoff Form.

(e) **Ratio computation.**

(1)(A) If the county has been provided a good rendition by the business which included a fixed assets listing and applied the Assessment Coordination Division's suggested depreciation schedule to those assets, the county shall automatically receive a twenty percent (20%) on those fixed assets and the inventory.

(B) If not, the proper assessment shall be computed by the square foot method described in the manual.

(2) A comparison of the actual assessed value and the value computed by the Field Auditor produces the ratio.

(3)(A) The ratios for all of the businesses are then ranked and the median ratio is determined by county, by school district, and by cities in that county.

(B) This results in the Current Year Commercial Personal Property Median Ratio.

Authority. Arkansas Code §§ 26-24-107, 26-26-308.

26 CAR § 213-303. Auto/other classification.

(a) This component of the ratio study shall be based on a physical examination of the current year's records of each assessor's office to determine the degree of compliance with the criteria established in the Standard on Valuation of Personal Property published by the International Association of Assessing Officers (IAAO).

(b) **Method of determining number and location of samples.**

(1) The minimum sample size for each county size shall be determined by the population of the county as reflected in the latest final census figures and the number of businesses therein.

(2) Those counties with populations of:

(A) Twenty-nine thousand nine hundred ninety-nine (29,999) and below shall have forty (40) samples;

(B) Thirty thousand (30,000) to sixty-nine thousand nine hundred ninety-nine (69,999) shall have seventy (70) samples;

(C) Seventy thousand (70,000) to one hundred ninety-nine thousand nine hundred ninety-nine (199,999) shall have one hundred (100) samples; and

(D) Two hundred thousand (200,000) and above shall have one hundred eighty (180) samples.

(c) **Selection of samples.**

(1) The Field Auditor shall be instructed to get random samples of:

(A) Automobiles from the current year through the last fifteen (15) years;

and

(B) Trucks from the current year through the last fourteen (14) years.

(2) Only one (1) vehicle shall be taken from each assessment.

(d) **Procedure.** In August, the Field Auditor shall:

(1) Return to each county after the county has completed its personal property assessments for the current year; and

(2) Complete the Personal Property Takeoff Form.

(e) **Ratio computation.** A comparison of the actual assessed value and the value computed utilizing the manual by the Field Auditor produces the ratio by county, by school districts, and by cities in that county.

(f) **Formulas utilized and tests conducted.**

(1) Median, see Standard on Ratio Studies, approved July 1999, International Association of Assessing Officers, or current edition.

(2) Coefficient of dispersion, see Standard on Ratio Studies, 1999, International Association of Assessing Officers, or current edition.

(3) Not required, but also computed:

(A) Mean, see Standard on Ratio Studies, approved July 1999, Association of Assessing Officers, or corresponding provisions contained in any superseding edition of same;

(B) Average absolute deviation, see Property Appraisal and Assessment Administration, published by the International Association of Assessing Officers, 1990 edition, or current edition;

(C) Coefficient of concentration:

(i) Of the samples that are used, the percentage of observations that are within plus or minus ten percent (10%) of the legal ratio of twenty percent (20%); and

(ii) Of the samples that are used, the percentage of observations that are within plus or minus ten percent (10%) of the median ratio;

(D) Weighted mean, see Standard on Ratio Studies, approved July 1999, International Association of Assessing Officers, or current edition;

(E) Standard deviation, see Property Appraisal and Assessment Administration, published by the International Association of Assessing Officers, 1990 edition, or current edition;

(F) Price-related differential, see Standard on Ratio Studies, approved July 1999, International Association of Assessing Officers; and

(G) Coefficient of variation, see Standard on Ratio Studies, approved July 1999, International Association of Assessing Officers, or current edition to select sample sizes.

(g) **Definition of terms.** Terms used in connection with the ratio study on market value real property shall be as defined in SORS and PAAA.

Authority. Arkansas Code §§ 26-24-107, 26-26-308.

Subpart 4. General Rules for Appraisal Contractors and Removal of Company

26 CAR § 213-401. General rules for appraisal contractors.

The Assessment Coordination Division shall:

(1) Maintain an Annual Register of Appraisal Companies; and

(2) Not approve a contracted appraisal plan of an appraisal firm that has not registered with the division by submitting the following information:

(A) Name, physical address, mailing address, and telephone number of appraisal firm;

(B) Type of entity:

(i) Corporation;

(ii) Partnership; or

(iii) Sole proprietorship;

(C) If a corporation, certificate or proof of good standing;

(D) If a corporation, list the stockholders and officers and provide three

(3) professional references for each;

(E) If a partnership, provide three (3) professional references for each partner;

(F) If a sole proprietorship, provide three (3) professional references;

(G) For each officer, partner, or sole proprietor, fully describe the qualifications of each, including all mass appraisal experience;

(H) List of all personnel employed by the appraisal firm who will be performing mass appraisal work in Arkansas, stating:

(i) Whether they are full-time or part-time employees or independent contractors;

(ii) The appraiser qualification level of each; and

(iii) The number of years of experience in mass appraisal of each;

(I) All appraisal personnel must meet the qualification requirements established under Acts 1980 (1st. Ex. Sess.), No. 48, and all Level 3 and Level 4 appraisers must meet the continuing education requirements of thirty (30) hours every three (3) years in order to maintain their qualification levels;

(J) List of each county in Arkansas where the appraisal company has performed for the last five (5) years with:

(i) The year or years when the work was performed;

(ii) Whether the work was maintenance (new construction) or revaluation; and

(iii) A reference source on each job;

(K) A copy of all current insurance documents and bonds covering the company;

(L) A statement as follows:

“The appraisal company recognizes that the information contained herein shall be used by counties in determining whether to contract with it and used by the Assessment Coordination Division in determining

whether the firm can adequately perform under a proposed contract; therefore, the appraisal company agrees that all information contained

herein will be updated in a timely manner.”;

(M) Any other information the division or the appraisal company deems relevant;

(N) All information submitted will be made public information and is intended for use by counties that are contemplating employing appraisal companies; and

(O)(i) The appraisal company must demonstrate that it is financially sound.

(ii) An owner or principal officer of the company shall submit a written and signed statement that: “The appraisal company is financially sound and possesses sufficient operating capital to perform any contract it is awarded and continue to meet its other outstanding contractual and financial obligations and will provide a current financial statement if requested by the ACD.”

Authority. Arkansas Code § 26-24-107.

Codification Notes. This section as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"Adopted 10/01/99

Amended 07/05/04"

26 CAR § 213-402. Removal of appraisal company.

The Director of the Assessment Coordination Division may, for cause, remove an appraisal company from the list of registered contractors doing mass appraisal work within the State of Arkansas.

Authority. Arkansas Code § 26-24-107.

Codification Notes. This section as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"Adopted 07/05/04"

Subpart 5. Suspension of Penalties

26 CAR § 213-501. Completion of reappraisal — Suspension of penalties.

(a) In keeping with the intent of Acts 1997, No. 836, newly discovered and newly constructed property will be appraised and assessed at the value prevailing before the implementation of Acts 1995, No. 758.

(b) In the year any reappraisal is being completed, the assessor shall maintain a list of newly constructed or newly discovered property encountered during the reappraisal.

(c) To ensure that all property within a county is equitably assessed, an assessor whose county did not fail its last ratio study may revise property values in a particular neighborhood or neighborhoods only if:

- (1) All other neighborhoods in the county have been surveyed; and
- (2) There is evidence that they are correctly appraised at full market value.

(d) A reappraisal management plan must be filed with the Assessment Coordination Division no later than November 1 of the year preceding the commencement of the reappraisal.

(e) The division shall prepare and distribute to the counties an In-House Countywide Reappraisal Plan, Form A-9, and a Contracted Countywide Reappraisal Plan, Form A-10, which contains the minimum criteria for plans that shall be accepted by the division.

(f) The division retains the authority to reject a plan that may meet the minimum criteria as published, but which it determines is not submitted in good faith.

(g)(1) There may be additional safeguards that should be inserted into the forms.

(2) The form is not meant to be complete or exhaustive.

(3) It is the responsibility of each county to determine the specific language for inclusion in its final plan and contract.

(h)(1) A county that has contracted with a private appraisal company and subsequently learns that the private appraisal company is not fulfilling its contractual obligations shall promptly:

(A) Notify the division; and

(B) File a complaint in writing stating the allegations giving rise to the complaint.

(2) The division shall then notify said private appraisal firm that a complaint has been filed, enclosing a copy of the complaint.

(i) Any member of the staff of the division or a member of the public who learns of a possible violation of the contractual obligations of a private appraisal company and the county, may also file a complaint with the division.

(j)(1) The Director of the Assessment Coordination Division shall then set a conference date no earlier than thirty (30) days from the date that the private appraisal firm, the assessor, and the complaining party are notified by certified mail, return receipt requested:

(A) Setting a place and time for the conference; and

(B) Advising the complaining party, private appraisal firm, and the assessor of their right to be present to present the allegations and any rebuttal.

(2) Said conference shall be:

(A) Open to the public; and

(B) Attended by members of the staff of the division as designated by the director.

(k) Should the director or his or her appointee determine that the private appraisal firm has failed to abide by the appraisal standards of the International Association of Assessing Officers and that the failure is significant and pervasive resulting in substandard appraisals that, if the private appraisal company does not agree to immediately correct the problem at its own expense, and do so, then the division shall not approve any future plans involving that private appraisal company until such time as the defects are substantially corrected.

(l)(1) If a county fails to abide fully by the terms of a filed plan and the director has reached a preliminary decision to terminate the plan, the division shall not do so unless it has notified the county, setting out the factors giving rise to its decision to terminate and affording the county an opportunity to appear before the director to show cause why the plan should not be terminated for good cause.

(2) The division shall notify all signatories to the plan, by certified mail, of their right to appear and participate in the event of a preliminary decision to terminate the plan, and the time and place shall be set for a full consideration of the matter and their right to appear and participate.

(3) On termination of a plan, the division shall promptly:

(A) Notify the proper fiscal officers disbursing state aid and turn-back funds that the county does not have an approved plan that is being implemented; and

(B) Ask that the full range of penalties provided by law be applied to the county.

(m) Any action or pending action by the division involving allegations that an appraisal firm has failed to abide by its contractual obligations to a county shall not in any manner preclude the filing of an action in the appropriate court of this state by any of the parties to the contract.

Authority. Arkansas Code §§ 26-24-107, 26-26-308.

Codification Notes. This section as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"STATUTORY AUTHORITY: A.C.A. 26-26-307 (Acts 1997, No. 836 Section 3)
STATUTORY AUTHORITY: A.C.A. 26-26-308 (Acts 1997, No. 836 Section 4)"

"Adopted 10/01/99"

Subpart 6. Adjustment of Taxes

26 CAR § 213-601. Definitions.

(a) **Definitions relating to Amendment 59 and Acts 1981, No. 848.** As used in this part:

(1) "Base year" means the year when reassessed values are entered on assessment roll;

(2) "Bona fide agricultural land" means land that is devoted to the production of commercial quantities of plant products to be used:

- (A) For human consumption;
- (B) For animal feed; or
- (C) As a textile;

(3) "Bona fide pasture land" means land to benefit grazing animals or growing forage crops with the intent of selling or storing for future use;

(4)(A) "Bona fide timber land" means forest land that is:

- (i) Producing, or capable of producing, crops of industrial wood; and
- (ii) Not withdrawn from timber utilization.

(B) See Appendix, page 30, "Forest Resources of Arkansas", Southern Forest Experiment Station, Resource Bulletin SO-169, Feb. 1992;

(5) "Countywide appraisal" means mass appraisal of certain classes of properties within a county, provided those other classes of property not reappraised:

- (A) Have had their values reviewed; and
- (B) Are currently assessed at acceptable levels;

(6) "Market value" means the most probable sale price of a property in terms of money in a competitive and open market, assuming that the:

- (A) Buyer and seller are acting prudently and knowledgeable, allowing sufficient time for the sale; and
- (B) Transaction is not affected by undue pressures;

(7) "Mass appraisal" means estimating the value of a group of properties:

- (A) As of a given date;
- (B) Within a given time frame; and
- (C) Using generally accepted techniques;

(8) "New construction and improvements" means changes to property that have occurred to property already on the assessment roll;

(9) "Newly discovered property" means property that has never been on the assessment roll;

(10) "Prevailing value" means value of a property as determined by the existing appraised values of other similar properties in the county;

(11) "Reappraisal" means the estimating of value of all taxable real property within the county:

- (A) As of a given date; and
- (B) Within a given time frame; and

(12) "Reassessment" means the process of placing reappraisal values in the official assessment record.

(b) Definitions relating to Amendment 79.

(1) As used in this part:

(A) "Full assessed value" or "assessed value" is equal to twenty percent (20%) of the full value;

(B) "Full value", "market value", or "appraised value" means a property's most probable selling price or current value estimate as of the statutory valuation date;

(C)(i) "Substantial improvements to real property" as used in Amendment 79, § 1(b)(2), § 1(c)(2), and § 1(d)(4) means:

(a)(1) Renovation, reconstruction, and refurbishment occurring to further a change in the use and/or class of an improvement.

(2) Upon completion of the renovation, reconstruction, or refurbishment the assessor shall:

(A) Note the change in use; and

(B) Reappraise the improvement based upon its prevailing market value in the following assessment year.

(3) If multiple improvements reside on the parcel, only those that have been renovated, reconstructed, or refurbished shall be reappraised and the remainder shall continue to be valued in accordance with Amendment 79, § 1(b)(1), § 1(c)(1), or § 2(b), whichever is appropriate;

(b)(1) Renovation, reconstruction, and refurbishment occurring that will add twenty-five percent (25%) or more to the contributory value of an improvement to the property.

(2) Upon completion of the renovation, reconstruction, or refurbishment the assessor shall:

(A) Note and document the contributory value increase;
and

(B) Reappraise the improvement based upon its prevailing market value in the following assessment year.

(3) If multiple improvements reside on the parcel, only those that have been renovated, reconstructed, or refurbished shall be reappraised and the remainder shall continue to be valued in accordance with Amendment 79, § 1(b)(1), § 1(c)(1), or § 2(b), whichever is appropriate; or

(c) Newly constructed and newly discovered property shall be assessed at full value.

(ii) **Note.** "Substantial improvements to real property" as used in Amendment 79, § 1(b)(2), § 1(c)(2), and § 1(d)(4) does not include normal maintenance on an improvement intended to only maintain its existing utility; and

(D)(i) "Taxable assessed value" means the value after any applicable limitations to full assessed value increases contained in Arkansas Constitution, Amendment 79, are applied.

(ii) Taxable value will be less than or equal to full assessed value.

(2) **Change in use.** The terms "newly discovered" and "newly constructed" as contained in Arkansas Constitution, Amendment 79, shall be construed to include change in use.

Authority. Arkansas Code §§ 26-24-107, 26-26-409.

Codification Notes. Subsection (a) of this section as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"Adopted 10/01/99
Amended 12/20/00
Amended 07/05/04
Amended 09/25/08"

Subsection (b) of this section as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"Adopted 10/01/99
Amended 12/20/00
Amended 07/05/04
Amended 09/25/08
Amended 4/26/10
Amended 12/07/12"

26 CAR § 213-602. Procedure for adjustment of taxes after reappraisal or reassessment of property.

(a)(1) To test for rollback in each taxing unit, use the full reappraised real estate value plus personal property value and utility property value.

(2) If the aggregate increase exceeds ten percent (10%) from the previous year, rollback computations must be calculated for each year of the three (3) years in which assessments are added as per Acts 1999, No. 1185.

(b) Assessed value on which taxes will be certified for collection (one-third (1/3) value increases as per Acts 1999, No. 1185) shall be used in real estate rollback calculations.

(c) In calculating the real estate rollback the first year after reappraisal, the taxing units will be allowed to receive base year revenues plus ten percent (10%) revenue increase or all of newly discovered property increases if they exceed ten percent (10%).

(d) In the second and third year after reappraisal the taxing units will consider base year revenues as being the revenues from the previous year assessments for real estate.

(e) In the second and third year after reappraisal the taxing units will:

(1) Calculate the zero-base rollback millage; and

(2) Then apply the unused portion of the optional ten percent (10%) increase from the previous year (if any).

(f) Real estate rollback will be calculated in all taxing units in the second and third year except in cases where the aggregate increase (full market value increase) from the

reappraisal plus newly discovered property does not exceed ten percent (10%) in the first year.

Authority. Arkansas Code §§ 26-24-107, 26-26-1911, 26-26-409.

Codification Notes. This section as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"STATUTORY AUTHORITY: A.C.A. 26-26-402 (Acts 1981, No. 848, Section 1; Acts 1997, No. 1300, Section 22)

STATUTORY AUTHORITY: A.C.A. 26-26-409 (Act 1981, No. 848 Section 9)"

"Adopted 10/01/99"

26 CAR § 213-603. Comprehensive countywide reappraisals.

(a) When an assessor is of the opinion that a comprehensive countywide reappraisal has been completed, Form No. A-11 shall be completed immediately, signed and notarized, and submitted to the Director of the Assessment Coordination Division for:

- (1) Investigation;
- (2) Determination; and
- (3) Certification.

(b) When any member of the county equalization board, quorum court, taxing unit, or taxpayer within the county is of the opinion that a comprehensive countywide reappraisal has been completed and so informs the Assessment Coordination Division in writing giving those facts on which the opinion is based, the division will:

- (1) Investigate; and
- (2) Determine whether certification is required.

(c)(1) In determining whether a comprehensive countywide reappraisal has occurred, the division shall consider that since it provides tables for use in valuing agriculture and timber lands that those properties have been reappraised each year.

(2) Likewise, all personal property shall be considered to have been reappraised each year.

(d) On receipt of a properly completed form, the director shall determine whether the county has completed a comprehensive countywide reappraisal, and if so, shall certify the reappraisal.

(e) In determining whether a comprehensive countywide reappraisal has been completed, the following definitions shall be utilized:

(1) "Reappraisal" means a reestimation of values using mass appraisal techniques;

(2) "Mass appraisal" means estimating the value of a group of properties as of a given date, within a given time frame; and

(3) "Countywide reappraisal" means the mass appraisal of certain classes of properties within a county, provided those other classes of property not reappraised have had their values reviewed and are currently assessed at acceptable levels.

Authority. Arkansas Code §§ 26-24-107, 26-26-409.

Codification Notes. This section as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"STATUTORY AUTHORITY: A.C.A. 26-26-401 (Act 1981, No. 848 Section 8)"

"Adopted 10/01/99"

26 CAR § 613-604. Certification of assessed value data.

(1) Form CC-4 entitled Base Year Certification of Assessment Data on Real Estate is adopted to comply with Arkansas Code § 26-26-403.

(2) Form CC-5 entitled School District Calculation to Determine Minimum Millage Required by Amendment 74 is adopted to comply with Arkansas Code § 26-26-403.

Authority. Arkansas Code §§ 26-24-107, 26-26-409.

Codification Notes. This section as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"STATUTORY AUTHORITY: A.C.A. 26-26-403 (Act 1981, No. 848, Sections Two and Nine.)"

"Adopted 10/01/99"

26 CAR § 213-605. Rule computation and certification form.

Form GB-1 entitled Base Year Millage Rollback Computation and Certificate Form is adopted to comply with Arkansas Code § 26-26-404.

Authority. Arkansas Code §§ 26-24-107, 26-26-409.

Codification Notes. This section as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"Adopted 10/01/99"

"STATUTORY AUTHORITY: A.C.A. 26-26-404 (Act 1981, No. 848 Section Three)"

26 CAR § 213-606. Personal property interim millage adjustment.

Form CC-2 entitled Personal Property Interim Millage Adjustment is adopted to comply with Arkansas Code § 26-26-405.

Authority. Arkansas Code §§ 26-24-107, 26-26-409.

Codification Notes. This section as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"STATUTORY AUTHORITY: A.C.A. 26-26-405 (Act 1981, No. 848 Section 4)"

"Adopted 10/01/99"

26 CAR § 613-607. Valuation guidelines.

(a)(1) The manual entitled Assessors' Replacement Cost Real Estate Manual is promulgated to comply with Arkansas Code §§ 26-26-304 and 26-26-407.

(2) This manual may be used as a guide and is not mandatory.

(b)(1) The publication entitled Agricultural Land, Pasture Land, and Timber Land Guidelines is promulgated to comply with Arkansas Code §§ 26-26-304 and 26-26-407.

(2) Use of this publication is mandatory.

(c)(1) The manual entitled Personal Property Assessment Manual is promulgated to comply with Arkansas Code §§ 26-26-304 and 26-26-407.

(2) This manual may be used as a guide and is not mandatory.

(d)(1) The manual entitled Commercial Personal Property Appraisal Manual is promulgated to comply with Arkansas Code §§ 26-26-304 and 26-26-407.

(2) This manual may be used as a guide and is not mandatory.

Authority. Arkansas Code §§ 26-24-107, 26-26-409.

Codification Notes. This section as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"STATUTORY AUTHORITY: A.C.A. 26-26-304 and 26-26-407"

"Adopted 10/01/99"

26 CAR § 213-608. Implementation of millage rollback in fringe school districts.

(a) Form CC-3 entitled Fringe District Rollback is adopted to comply with Arkansas Code § 26-26-408.

(b) In a case where a fringe district is engaged in a reappraisal the millage rates shall be rolled back, immediately fringed, and levied in both counties.

Authority. Arkansas Code §§ 26-24-107, 26-26-409.

Codification Notes. This section as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"STATUTORY AUTHORITY: A.C.A. 26-26-408 (Act 1981, No. 848, Section Seven)"

"Adopted 10/01/99"

Subpart 7. Training Criteria for Appraisers

26 CAR § 213-701. Training criteria for appraisers.

(a) Form M-1 entitled Application for Admission - Arkansas Assessment Training Program.

(b) The training and designation program as described in Form M-2 entitled Training and Designation Program for Appraisers Employed by State and County Officials is adopted.

Authority. Arkansas Code § 26-24-107.

Codification Notes. This section as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"STATUTORY AUTHORITY: A.C.A. 26-26-503 (Acts 1980 (1st Ex. Sess.) No. 48, Sections One, Two; 1985, No. 392, Sections One, Two)"

"Adopted 10/01/99"

Subpart 8. Assessment and Valuation of Taxes — Procedures, Notices, and Forms

26 CAR § 213-801. Assessment of personal property taxes by mail or by telephone.

When assessing by telephone, record forms containing information taken by telephone shall:

(1) Be clearly identified as telephone assessments on the property owner signature line; and

(2) Bear the signature of the assessor or deputy assessor who conducted the telephone interview with the property owner.

Authority. Arkansas Code § 26-26-1114.

Codification Notes. This section as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"STATUTORY AUTHORITY: A.C.A. 26-26-1114 (c); (Act 1989, No.517, Section One; Act 1991, No. 291 Section One; Act 1993, No. 1261, Section One)"

"Adopted 10/01/99"

26 CAR § 213-802. Valuation procedures.

For the purpose of Acts 1183, No. 114, the following terms are defined:

- (1) "Real property" means:
 - (A) The physical parcel of land; and
 - (B) Improvements attached to the land, such as buildings; and
- (2) Fixtures that can be severed from the realty without substantial damage either to itself or to the realty are "personal property".

Authority. Arkansas Code § 26-26-1114.

Codification Notes. This section as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"STATUTORY AUTHORITY: A.C.A. 26-26-1202; (Act 1883, No. 114, C. & M. Dig., No. 9919, Pope's Dig. No. 13653)"

"Adopted 10/01/99"

26 CAR § 213-803. Uniform Notice of Real Estate Value Change.

- (a)(1) There is hereby established a Uniform Notice of Real Estate Value Change.
 - (2) The notice shall be printed on paper no smaller than eight and one-half inches (8.5") wide by eleven inches (11") long.
- (b) All counties, contractors, or others required to notify property owners of value changes shall employ the form displayed as item A-15 of the Appendix.
- (c) No information set out in the form may be excluded, but additional information may be displayed provided the Assessment Coordination Division gives prior consent.
- (d) Counties employing Arkansas Constitution, Amendment 79, § 1, shall not be required to list assessments in subsequent years on the form.
- (e) Sending notices not conforming to the above shall constitute a violation of this section, and when discovered, the responsible party will be required to send new notices that comply with this section to affected property owners.

Authority. Arkansas Code § 26-26-1114.

Codification Notes. This section as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"Adopted 10/01/99

Amended 7/10/01

Amended 4/26/10"

26 CAR § 213-804. Uniform Notice of Newly Discovered or Newly Constructed Property.

(a) If the assessor becomes aware of newly discovered or newly constructed property in a nonreappraisal year and the resulting increase in market value of the parcel caused by the newly discovered or newly constructed property is five thousand dollars (\$5,000) or more:

- (1) The parcel will be updated; and
- (2) A notice will be sent to the taxpayer.

(b) Any newly discovered or newly constructed property having a market value of less than five thousand dollars (\$5,000) when discovered:

- (1) May be listed and updated during the year of discovery; and
- (2) Will be listed and updated during the appraisal year.

Authority. Arkansas Code § 26-26-1114.

Codification Notes. This section as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"Adopted 07/05/04"

26 CAR § 213-805. Homestead Credit Application/Sales Verification.

(a) There is hereby established a Homestead Credit Application/Sales Verification form.

(b) The form is to be used by property owners to:

(1) Apply for benefits under the provisions of Arkansas Constitution, Amendment 79; and

(2) Verify whether a property's purchase price reflects its market value at the time of sale.

(c) County assessors shall provide the purchaser of property with the form when a copy of a deed is transferred from the county recorder's office to the county assessor's office.

(d) As an alternative, the county assessor may provide the form to closing agents who may:

(1) Assist purchasers in completion of the form; and

(2) Return the form to the county recorder or assessor on behalf of the purchaser.

(e) With prior approval by the Assessment Coordination Division, the county may:

(1) Divide the form into separate parts without changing the content; and

(2) Distribute each part separately to property owners.

(f) Additional questions may be added to the form with prior approval by the division.

Authority. Arkansas Code § 26-26-1114.

Codification Notes. This section as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"Adopted 3/03/02"

Subpart 9. Computer-Assisted Mass Appraisal Guidelines

26 CAR § 213-901. Requirements for CAMA software providers.

The Assessment Coordination Division shall require computer-assisted mass appraisal software providers to comply with requirements set forth in the final specifications for computer-assisted mass appraisal software.

Authority. Arkansas Code §§ 25-28-108, 26-24-107.

Codification Notes. This section as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"Adopted and effective 07/01/05 by emergency procedure
Adopted 11/13/05"

26 CAR § 213-902. CAMA standards and system compliance certification.

(a) The Assessment Coordination Division will be responsible for providing uniform specifications (standards) for computer-assisted mass appraisal (CAMA) software systems to be operated within the State of Arkansas.

(b) The division shall:

(1) Submit any proposed amendments to the CAMA standards to all providers having certified CAMA systems operating within the state; and

(2) Allow a reasonable time for comment.

(c)(1) The proposals shall then be considered by the CAMA Compliance and Certification Advisory Board.

(2) If the proposals are approved by the board and the Director of the Assessment Coordination Division they shall be incorporated into the standards.

(d)(1) Every CAMA system must be tested annually to determine if the system is in compliance with the standards.

(2)(A) Systems that are in compliance will be certified by the director.

(B) Systems that are not certified will not be allowed to be used by any county or appraisal contractor within any county of the state for the purpose of property reappraisal.

(3) Use of a nonapproved system will result in a finding by the division of noncompliance and reimbursement will cease.

Authority. Arkansas Code §§ 25-28-108, 26-24-107.

Codification Notes. This section as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"Adopted and effective 07/01/05 by emergency procedure
Adopted 11/13/05"

26 CAR § 213-903. Creation and purpose of the Arkansas CAMA Compliance and Certification Advisory Board.

(a) There is hereby created the Arkansas CAMA Compliance and Certification Advisory Board whose purpose it shall be to advise and assist the Director of the Assessment Coordination Division in the testing, certification, and compliance of the various CAMA systems being used or proposed to be used in the state of Arkansas by assessors and companies contracting with counties to assess the real property in those counties.

(b) The board may make recommendations to the director of any changes or additions to the standards it deems appropriate.

Authority. Arkansas Code §§ 25-28-108, 26-24-107.

Codification Notes. "CAMA" means computer-assisted mass appraisal.

This section as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

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Adopted 11/13/05"

26 CAR § 213-904. Appointment and terms of service of members of the Arkansas CAMA Compliance and Certification Advisory Board.

(a) The Arkansas CAMA Compliance and Certification Advisory Board shall be made up of persons known to have knowledge, experience, and expertise in the:

- (1) Field of mass appraisal of real property in general; and
- (2) Operation and use of CAMA systems in particular.

(b) The membership shall be composed of the following:

(1) One (1) member of the staff of each CAMA software vendor, to be nominated by the vendor and submitted to the Director of the Assessment Coordination Division for approval, to serve a two-year term from the date of appointment;

(2) One (1) member of the staff of each reappraisal contractor, to be nominated by the contractor and submitted to the director for approval, to serve a two-year term from the date of appointment;

(3)(A) Two (2) in-house CAMA system users who shall be selected by the director from a nominating pool for a one-year term.

(B) Any county that performs its own reappraisal duties may nominate qualified individuals to the pool; and

(4) Two (2) members of the Assessment Coordination Division staff who shall:

(A) Be appointed by the director; and

(B) Serve at the discretion of the director.

Authority. Arkansas Code §§ 25-28-108, 26-24-107.

Codification Notes. "CAMA" means computer-assisted mass appraisal.

This section as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

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26 CAR § 213-905. Organization and meetings of the board.

(a)(1) The initial meeting of the Arkansas CAMA Compliance and Certification Advisory Board shall be held as soon as practicable following the appointment of its initial members.

(2) Thereafter, the board will meet annually on the second Tuesday in September at the offices of the Assessment Coordination Division but may meet at any other time or place upon call of the Director of the Assessment Coordination Division.

(b)(1) The director will designate a chairperson and a secretary, and the division will provide administrative services for the use of the board.

(2) The chairperson and the secretary may be:

(A) From outside of the appointed board; and

(B) From division staff.

(3) If the chairperson and/or the secretary are not members of the appointed board they shall have no vote.

(4) The chairperson and the secretary shall make up the executive committee, which may make administrative decisions only in the absence of the membership.

(c)(1) Any such administrative decisions shall be subject to approval or rejection by the membership at its next meeting.

(2) If no action of the membership is taken at said next meeting the action shall not be later challenged.

Authority. Arkansas Code §§ 25-28-108, 26-24-107.

Codification Notes. "CAMA" means computer-assisted mass appraisal.

This section as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"Adopted and effective 07/01/05 by emergency procedure
Adopted 11/13/05"

26 CAR § 213-906. Testing of CAMA systems.

(a)(1) Beginning on or about the second Tuesday in September in each year, at the offices of the Assessment Coordination Division, the Arkansas CAMA Compliance and Certification Advisory Board will test:

- (A) All CAMA systems operating in the state; and
- (B) Those proposed for operation within the state.

(2)(A) The CAMA provider may request to be provided, in advance of the test, a list of issues to be tested.

(B) Upon good cause being shown, the board may request that a CAMA system be retested on a particular issue or issues.

(b) The board will:

- (1) Vote on each exercise as to pass or fail;
- (2) Advise the Director of the Assessment Coordination Division of the decision; and
- (3) Make recommendations as requested by the director.

(c) The test will be provided by the division.

(d) Each test will be conducted using actual data from a county or counties to be agreed upon in advance between the division and the CAMA provider.

(e)(1) Prior to the administration of the test, the board will place each exercise into one (1) of the following categories:

(A) **Level No. 1.** A minimum score of one hundred percent (100%) is required for compliance;

(B) **Level No. 2.** A minimum score of ninety-five percent (95%) is required, but the board may allow up to thirty (30) additional days to comply; and

(C) **Level No. 3.** A minimum score of ninety percent (90%) is required, but the board may allow until the next annual test cycle to comply.

(2) **Note.** When additional time is allowed, the compliance test will be conducted at a county location to be determined by the board at least a week in advance of the test.

Authority. Arkansas Code §§ 25-28-108, 26-24-107.

Codification Notes. "CAMA" means computer-assisted mass appraisal.

This section as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

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Adopted 11/13/05"

26 CAR § 213-907. Use problems.

(a) CAMA system users who experience problems with their system that persist after notification to the provider for a reasonable time may contact the Assessment Coordination Division or the Arkansas CAMA Compliance and Certification Advisory Board in writing, providing an example of the problem.

(b) A record will be kept, and the board may determine that:

(1) The urgency of a problem is such that a change to the test regimen may need to be made immediately; and

(2) All CAMA systems will be retested on those issues within a reasonable time after the CAMA provider is notified.

Authority. Arkansas Code §§ 25-28-108, 26-24-107.

Codification Notes. "CAMA" means computer-assisted mass appraisal.

This section as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"Adopted and effective 07/01/05 by emergency procedure

Adopted 11/13/05"

26 CAR § 213-908. Penalties in the event of noncompliance.

(a) In the event a CAMA system fails to achieve the score required on a particular exercise, the Director of the Assessment Coordination Division will notify the system provider that the system will not be certified and cannot be used in the state by any county or contractor for reappraisal purposes until the system achieves the required score.

(b)(1) In the case of an exercise classified as Level No. 1, no additional time is allowed to comply and the notice will go out immediately.

(2) However, in the case of an exercise classified as Level No. 2 or Level No. 3, additional time may be allowed for compliance as provided in 26 CAR § 213-906.

(c) In such event, if the system fails to achieve the required score when retested, the notice as set out above will then be given to the provider.

(d) In either case, the system may not be retested until the following year at the regular testing time.

Authority. Arkansas Code §§ 25-28-108, 26-24-107.

Codification Notes. "CAMA" means computer-assisted mass appraisal.

This section as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

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Subpart 10. Change in Market Value Between Reappraisals

26 CAR § 213-1001. Change in market value between reappraisals.

(a) When a county's equalization board determines that current economic conditions may have caused a decrease in value of groups of real estate parcels, said equalization board shall notify the Director of the Assessment Coordination Division that:

- (1) They have made such determination; and
- (2) An investigation is pending.

(b) The investigation shall proceed according to the following steps:

(1)(A) A ratio study shall be completed by the equalization board or its contractor for each neighborhood (as defined by Assessment Coordination Division rules) in the county.

(B)(i) The preceding calendar year sales shall be used in the study.

(ii) No sales for the current year may be used.

(C) The sales validation process shall be completed for those sales used in the study;

(2) The equalization board may submit its standard full parcel extract, which includes current value and findings, to the division for review and evaluation;

(3)(A) At this point, the equalization board may choose to proceed or not to proceed with the documentation of a plan for determining which neighborhoods require adjustment.

(B) Using the ratio studies completed in subdivision (b)(1) of this section, determine the range of ratios to be adjusted.

(C)(i) The equalization board shall document the types of evidence to be considered acceptable for adjustment of value.

(ii) Some may be:

(a) Valid sales;

(b) Long-term listings; and

(c) The influence on market value of any foreclosure-related

sales.

(D)(i) The equalization board shall document the level of evidence necessary for adjustment to be considered.

(ii) Examples are:

(a) Number of sales/listings; and

(b) Average number of days on market;

(4)(A) The equalization board shall document a plan for adjusting values in such neighborhoods.

(B) Determine the target ratio.

(C)(i) Determine what information will be used to develop revised values.

(ii) Examples are:

(a) Valid sales;

(b) Long-term listings; and

(c) The influence on market value caused by any foreclosure-

related sales.

(D) Determine the amount of information necessary to develop a credible value:

(i) Number of sales/listings; and

(ii) Average number of days on market;

(5)(A) The equalization board shall document a plan for public relations related to revised values.

(B) Some actions to consider are:

(i) Conversations with affected taxing entities;

(ii) Press releases;

(iii) Talking to reporters at equalization board meetings; and

(iv) Notices/letters to property owners by a certain date; and

(6) The equalization board shall document a plan for board adjustments to adjusted values during the appeals process.

(c)(1) Once a plan of action is developed and prior to any actual value adjustments being made, the equalization board shall present the plan to the division along with proposed values for each parcel.

(2) The equalization board shall include documentation regarding:

(A) How it developed its plan; and

(B) Why the plan was chosen as the most appropriate.

(3) After discussion with the equalization board and/or its representatives, the division will:

(A) Approve or disapprove the plan as is; or

(B) Approve the plan contingent upon specific requirements being met.

(d) All analysis and/or adjustments shall be done in accordance with standard division reappraisal rules, including oversight by a qualified appraisal manager.

Authority. Arkansas Code § 26-24-107.

Codification Notes. This section as promulgated prior to codification into the Code of Arkansas Rules provided as follows:

"Adopted by emergency procedure 06/12/09

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