



Roadmap to **ARKANSAS PROPERTY TAXES**

General Assessment Overview

Arkansas properties are assessed at 20% of their appraised or market value by the county assessor's office as of January 1 of the current year. Last year, legislation was passed that changed every county in the state to a four-year reassessment cycle as opposed to the three or five-year cycles previously in place. However, if a five-year reappraisal results in an overall value increase of 25% or more, the law requires that county to revalue all real estate every three years.

During the reappraisal cycle, each property is visited by the assessor or their representative. Data gathered to value commercial properties includes size of the improvements, quality and condition of the improvements, occupancy, sales data, and rental data.

For valuation purposes, one of the three approaches to value (sales comparison, cost approach, or income approach) is applied to the property to arrive at an estimated market value. Analysis and comparison are done with properties to verify the accuracy of the value. In some instances, the assessor may require individual appraisals or bring in experts to assist in the valuation of special-use or complex industrial properties.

Amendment 79 provides limitations on the increase of taxable assessed value for real property as the result of a county-wide reappraisal. Homestead property is limited to a 5% increase per year, and all other real property parcels, commercial, agricultural, and vacant are limited to a 10% increase per year until the property reaches full assessed value. The 5% and 10% caps do not apply to newly discovered real property, new construction, or substantial improvements to real property that add 25% or more to the value of the property.

Arkansas is a disclosure state. Sales questionnaires are mailed out to every property owner who bought a property in the previous two years. While every sale of the final reappraisal year is examined, only typical market value sales are used to calculate the value placed on the majority of the property in the county.

The 10% cap is removed in the year following a sale, and a buyer should expect the assessment to be the full 20% of market value from the latest revaluation. That said, when market values are increasing, it's less advantageous to buy property in a jurisdiction that is revaluing in the year following a sale. On that same token, it is usually more favorable to buy any other years of the revaluation cycle.

Assessment Notices

All property owners receiving an increase in property value will receive a "notice of real estate value change" by mail. Properties with no change in value or a decrease in value will not be notified. Notices are generally mailed in July with a deadline to file petition to appeal on the third Monday in August.

The property value notice will include the property's previous, new, and taxable value in addition to the estimated tax change calculating the difference in current and estimated taxes. The notice will also provide appeal deadlines and filing procedures. Please note that a missed deadline or incorrect filing can result in your appeal being dismissed.

Appeals Process

Property owners have the right to appeal the value of their property each year, not just during a reappraisal year. However, only current year assessments may be appealed. The burden of proof in any appeal lies with the property owner and not the assessor.

The first step in an appeal is usually to request an informal meeting with someone in the appraisal department at the county assessor’s office to review the property. If an agreement cannot be reached informally, property owners have several more opportunities to appeal.

The first level of formal appeal is to the County Board of Equalization (BOE). The BOE meets August 1 through October 1. Property owners may call to schedule a formal appeal beginning the third Monday in July and no later than the third Monday in August.

The Board of Equalization (BOE) is a nine-member board made up of representatives from local school districts, cities and incorporated towns, the County Judge, and the County Quorum Court. Once the BOE reaches a decision, written notices will be sent to the property owner at least 10 business days after the hearing.

If you disagree with the local BOE’s decision, you may appeal to the County Judge. While individual property owners may file and sign a petition of appeal without an attorney present, properties owned by corporations, LLCs, or other business entities require an attorney.

The County Court schedules hearings no later than November 15 of each year. The County Court will notify the property owner of its decision within 20 working days after the hearing, including the right to appeal the County Court decision to Circuit Court.

Personal Property

Arkansas state law places the assessment level of personal property at 20% of current market value.

All businesses and residents are required to report their personal property assessment each year to the county between January 1 and May 31. After May 31, if a return is not timely filed, a penalty of 10% will be applied, regardless of exempt status. Inventory and supplies are taxable.

Tax Bills

In Arkansas, the taxes payable in any year are for the previous year’s assessment. Real estate and personal property tax bills are issued in March and are due October 15 of each year, except for Pulaski County, which has three tax bill installment payments. Partial payments are generally accepted up to the deadline. Any unpaid taxes after the October 15 deadline are considered delinquent and will be assessed a 10% penalty. Taxes are calculated by multiplying the assessed value (market value multiplied by the assessment ratio) by the county millage rate.

Tax Calendar

Real Estate

Assessment Date	January 1
Value Notices Issued	July
Appeal Deadline	3 rd Monday in August
Tax Bills Issued	March 1
Tax Bills Due	October 15

Personal Property

Assessment Date	January 1
Tax Returns Due	May 31
Value Notices Issued	August 1
Appeal Deadline	August 15
Tax Bills Issued	March 1
Tax Bills Due	October 15