

ASSESSMENT COORDINATION DEPARTMENT

Enabling Laws

Act 69 of 2014
A.C.A. §25-28-101 et seq.

History and Organization

MISSION STATEMENT

The Assessment Coordination Department (ACD) exercises general and complete supervision over the valuation, assessment and equalization of all locally assessed ad valorem taxes in Arkansas, and the local officials and employees administering them in all 75 counties. The Department confers with, advises, trains and directs, as needed, these officials regarding their duties and responsibilities for proper and equitable assessment of property.

COMMENTARY

Property taxes constitute a significant source of revenue for local governments and school districts in Arkansas. The level of equalization funding provided to each school district is based on the average assessed wealth per student in the district. School districts which have a high average assessed property value per student, receive less in equalization funds per pupil than those school districts which have a relatively low average assessed property value per student. The relative wealth of a district is based on the total assessed value of all tangible real and personal property in the county as measured by the county assessor.

The Department performs the following tasks to fulfill that mission: conducts appraisal schools and seminars for county employees; prepares valuation manuals to be used as suggested guidelines by county assessors for the appraisal of real and personal property; performs assessment ratio studies to measure the level and uniformity of assessments; conducts performance audits to ensure accuracy of reappraisals and to help counties identify problems before they become a permanent part of the local tax records; and provides pertinent data necessary for the upkeep of appraisals.

ENABLING LEGISLATION

Act 436 of 1997 created the Assessment Coordination Department and transferred the Assessment Coordination Division of the Public Service Commission to it by a Type Two transfer. The Director of the Department is appointed by the Governor and serves at the pleasure of the Governor.

Act 903 of 1995 established an Assessment Personnel Educational Incentive Program for local assessment employees paid from the Assessment Coordination Department's budget.

Act 949 of 1991 established the continuing education fund for county assessors to be used to maintain and operate a continuing education program for county assessors and their staffs. Act 342 of 1999, as amended, increased the funds payable from each county assessor's office to the amount of \$600 per year.

Act 1185 of 1999 was to establish a uniform system of assessments and to prevent large increases in property taxes in Arkansas. It places the State on a three year revaluation cycle in which approximately one-third of the counties in the State will be completing reappraisals each year beginning in 2002. It mandated that the reappraisal be professionally run; the ACD audit performance of reappraisal projects on an ongoing basis; the ACD stop reappraisal projects should a county fail to meet, or plan for, professional standards; authorized ACD to employ appraisal contractors should a county fail to meet, or plan for, professional standards. It created the Arkansas Real Property Reappraisal Fund to reimburse counties for the cost of said reappraisals.

Act 1058 of 2001 amended Act 1185, providing that slower growth counties will complete their next reappraisal cycle over five years, instead of the three years provided in Act 1185. High growth counties, measured by total market value increase resulting from reappraisal, will remain on a three year reappraisal cycle. The ACD measures the growth resulting from reappraisal, and if 15% or more, the county will remain on a three year reappraisal cycle, if less, the county will be placed on a five year cycle.

Act 1131 of 2001 altered the ratio study conducted by the ACD. It provided that real estate ratio studies will only be conducted when counties complete reappraisal cycles, or if the Department determines that a county has engaged in inappropriate assessment roll changes or manipulations. It further provided that all counties were to electronically transfer previous year real estate sales data to the Department annually before January 31. The penalty for failing a ratio study was changed to indicate that counties would lose state aid only if they failed to take corrective actions indicated by the sales ratio study results.

ORGANIZATION AND RESPONSIBILITIES

The Assessment Coordination Department is staffed by a Director, Deputy Director, Legal Counsel, three managers, twenty-one assessment auditors, one research/technical specialist, one data processing person, and three administrative/clerical personnel; and is divided into four major sections:

The Office Administration Section consists of the Director, Deputy Director, Legal Counsel, two managers, two assessment auditors, one research/technical specialist, one data processing person, and three administrative/clerical persons.

The duties of the Director include: (1) management of the Department; (2) visiting, conferring with, and advising County Assessors and Equalization Boards; (3) certifying the percentage of the assessed value of each county of the total state value to each County Judge each year, for the disbursement of state aid and turn back funds; (4) recertifying any taxing unit which was originally below the accepted amount, within the legal time period for unit's compliance; (5) reviewing reappraisal plans of counties mandated to perform such and approve/disapprove as necessary; (6) managing distribution of reappraisal funds to those counties; (7) performing other duties and furnishing assistance to the counties as deemed necessary for the purpose of proper performance of the laws administered by the Department.

The duties of the Section include: (1) promulgating rules and regulations; (2) rendering interpretations of law; (3) preparing and managing budgets and fiscal operations; (4) preparing and promulgating Real Estate Manuals and Personal Property Manuals for the use and guidance of County Assessors and Equalization Boards; (5) preparing a ratio study for the purpose of determining the average ratio of assessed value to the true or actual market value of real property, by classification, and personal property in each of the taxing units of the State; (6) comparing the Equalization Board's Abstract with the Assessor's Abstract to determine if such Board has complied with the less than 5% deviation; (7) assisting counties in administering millage rollbacks and utility tax adjustments; (8) holding and conducting such schools and institutional meetings as deemed necessary for county officials, their employees, and Equalization Boards, dealing with assessment problems, regulations, and new methods for record keeping and appraising; (9) conducting impact studies on various proposed changes in the ad valorem system in Arkansas; (10) performing other duties and furnishing assistance as necessary.

The Field Operations Section consists of one Manager and nineteen property assessment auditors. This section (1) performs compliance audits as required by Act 1185 of 1999; (2) provides special assistance to county officials on new or unusual appraisal situations, and provides a source with which an assessor can verify or compare county appraisals; (3) prescribes uniform appraisal, assessment, and record forms for the use of County Assessors throughout the State; (4) develops, tests, and implements systems for appraising rural land and improvements to be used by assessors, appraisal companies, and the ACD appraisal group; (5) maintains a sales data bank for each county for use by assessors, and the ACD in making market value appraisals for assessment purposes; (6) develops and maintains other appraisal aids such as maps, plats, and land value analysis for use in appraisal work; (7) does field research for the development and/or improvement of real estate appraisal methods.

The Assessor's Education function was created for budget purposes to separate operating funds of the Department and the funds appropriated for the expenses of county personnel attending schools conducted by the Department. It also supports an annual seminar to further inform county assessors and their employees of assessment problems, ways of solving them, and new laws and regulations.

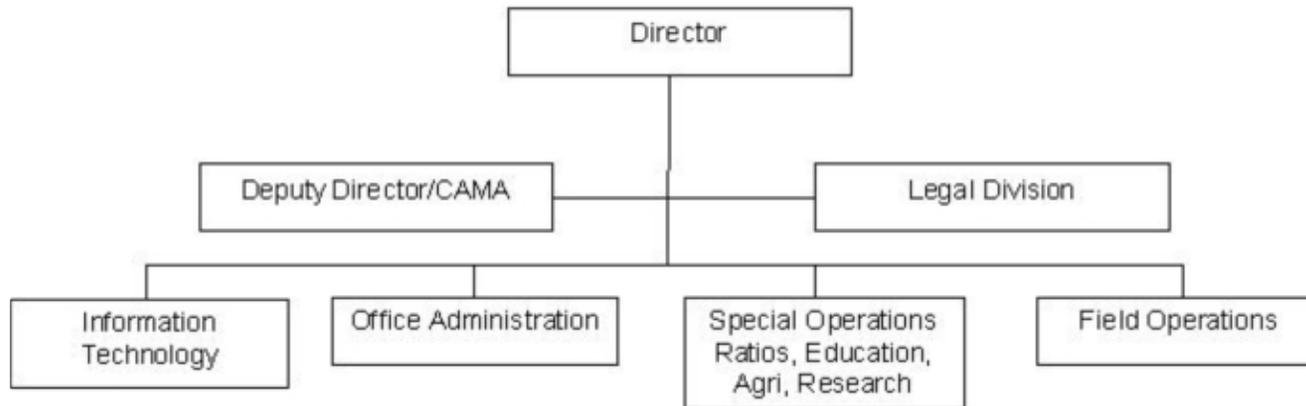
The Cash Operations function was created for budget purposes to separate operating funds of the Department from cash funds created from the sale of manuals and educational materials that are used to replenish such and to fund participation in educational programs.

GOALS

The Department plans the following: (1) to perform annual ratio studies; (2) to implement and maintain the audit procedures established in Act 1185 of 1999, as amended; (3) to manage state funds used for reappraisals conducted according to the Act; (4) to provide valuation guidelines for Personal Property and Real Estate Property; (5) conduct and improve all existing appraisal courses, expand offerings as necessary, and maintain education records; (6) to provide outside training opportunities through professional organizations; (7) to improve professionalism of all levels of assessment personnel; (8) to develop a better system for handling assistance to counties; (9) to upgrade and improve the Department's computer skills and technology in order to function more efficiently and better communicate with the seventy-five counties, other state agencies and the public; and (10) to help counties take advantage of technological advancements that will improve data collection and records management.

CONCLUSION

By fulfilling its responsibilities, the Assessment Coordination Department will have an impact on every taxpayer in the State. The Department will help achieve equalization among all properties and ensure that each taxpayer pays only his or her legally mandated share of the tax



Agency Commentary

The primary purposes of the Assessment Coordination Department are to assist counties in the equalization and appraisal of property for ad valorem tax purposes, conduct schools and educational seminars, prepare guidelines for valuation, measure assessments through ratio studies and performance audits, and provide pertinent data necessary for the upkeep of appraisals.

The Department is requesting Base Level for the 2015 - 2017 Biennium.

The Department is also requesting the continuation of the special language clause that provides for transfer of funds to the Real Property Reappraisal Fund from the Department's operating fund account and the special language clause that provides for transfer of funds from Operating Expenses to the Assessors' School special line item in the State Operations Program.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS ASSESSMENT COORDINATION DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2013

Findings

Recommendations

None

None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	15	12	27	87 %
Black Employees	2	2	4	13 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			4	13 %
Total Employees			31	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Agri Land Values	A.C.A. 26-4-407	N	N	25	Statute requires every county and appraisal company to be provided with listing of agri land values. Also provided electronically.	0	0.00
AR Property Tax Equalization and Appeals System - A Synopsis	None	N	N	250	Biennial update of the property tax system intended to aid public understanding and used as a guide by county equalization boards.	0	0.00
Millage Report	None	N	N	10	Provided upon request to be used as a source to identify all taxing units and their millage rates. Also provided on the Agency website.	0	0.00
Real Estate Manual	None	N	N	10	Provided upon request as a guide in counties for assessment of real property.	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1VC Real Property Reappraisal Program	14,624,619	0	15,750,000	0	15,750,000	0	15,750,000	0	15,750,000	0	15,750,000	0	15,750,000	0	15,750,000	0	15,750,000	0
215 County Assessors Continuing Education	12,764	0	60,000	0	60,000	0	60,000	0	60,000	0	60,000	0	60,000	0	60,000	0	60,000	0
258 Assessment Coordination-State Operations	2,815,412	36	3,031,188	36	3,103,641	36	3,054,879	36	3,054,879	36	3,054,879	36	3,056,350	36	3,056,350	36	3,056,350	36
99Z Cash Operations	500	0	55,000	0	55,000	0	55,000	0	55,000	0	55,000	0	55,000	0	55,000	0	55,000	0
Total	17,453,295	36	18,896,188	36	18,968,641	36	18,919,879	36	18,919,879	36	18,919,879	36	18,921,350	36	18,921,350	36	18,921,350	36

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	3,165,371	15.7	2,698,092	13.6	1,008,236	5.5	1,008,236	5.5	1,008,236	5.1	167,139	1.0	167,139	1.0	950,798	4.8
General Revenue	4000010	316,000	1.6	543,891	2.7	543,891	3.0	543,891	3.0	2,200,000	11.1	543,891	3.1	543,891	3.1	2,200,000	11.1
Cash Fund	4000045	25,403	0.1	20,000	0.1	20,000	0.1	20,000	0.1	20,000	0.1	20,000	0.1	20,000	0.1	20,000	0.1
Ad Valorem Tax	4000060	2,350,441	11.7	2,350,441	11.8	2,350,441	12.9	2,350,441	12.9	2,350,441	11.8	2,350,411	13.5	2,350,411	13.5	2,350,411	11.9
County Assessors Cont Educ	4000170	42,355	0.2	42,000	0.2	42,000	0.2	42,000	0.2	42,000	0.2	42,000	0.2	42,000	0.2	42,000	0.2
Intra-agency Fund Transfer	4000317	1,817	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Real Property Reappraisal	4000405	14,250,000	70.7	14,250,000	71.6	14,250,000	78.2	14,250,000	78.2	14,250,000	71.7	14,250,000	82.0	14,250,000	82.0	14,250,000	71.9
Total Funds		20,151,387	100.0	19,904,424	100.0	18,214,568	100.0	18,214,568	100.0	19,870,677	100.0	17,373,441	100.0	17,373,441	100.0	19,813,209	100.0
Excess Appropriation/(Funding)		(2,698,092)		(1,008,236)		705,311		705,311		(950,798)		1,547,909		1,547,909		(891,859)	
Grand Total		17,453,295		18,896,188		18,919,879		18,919,879		18,919,879		18,921,350		18,921,350		18,921,350	

Variances in fund balance due to unfunded appropriation in (258) Assessment Coordination-State Operations.

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
36	33	3	36	0	8.33 %	36	31	5	36	0	13.89 %	36	31	5	36	0	13.89 %

Analysis of Budget Request

Appropriation: 1VC - Real Property Reappraisal Program

Funding Sources: GPR - Real Property Reappraisal Fund

The Assessment Coordination Department administers the Real Property Reappraisal Program in which the market value of real property in all of the State's 75 counties is refigured every three to five years for taxation purposes, as mandated by Act 1185 of 1999 (A.C.A. §26-26-1902 et seq.). Current special language provides for funding of this program by proportional transfers from the Public School Fund (76%), the County Aid Fund (16%), and the Municipal Aid Fund (8%) up to a total of \$14,250,000.

Agency's Base Level and total request is \$15,750,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 1VC - Real Property Reappraisal Program

Funding Sources: GPR - Real Property Reappraisal Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Real Property Reappraisal 5900046	14,624,619	15,750,000	15,750,000	15,750,000	15,750,000	15,750,000	15,750,000	15,750,000	15,750,000
Total	14,624,619	15,750,000							
Funding Sources									
Intra-agency Fund Transfer 4000317	374,619	1,500,000		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Real Property Reappraisal 4000405	14,250,000	14,250,000		14,250,000	14,250,000	14,250,000	14,250,000	14,250,000	14,250,000
Total Funding	14,624,619	15,750,000		15,750,000	15,750,000	15,750,000	15,750,000	15,750,000	15,750,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	14,624,619	15,750,000		15,750,000	15,750,000	15,750,000	15,750,000	15,750,000	15,750,000

Analysis of Budget Request

Appropriation: 215 - County Assessors Continuing Education

Funding Sources: TCA - County Assessors Continuing Education Fund

The Assessment Coordination Department's County Assessors Continuing Education Program is funded by \$600 assessments collected annually from the counties, as authorized by Arkansas Code § 19-5-944. These proceeds are used to provide educational courses for local assessment personnel.

Agency's Base Level and total request is \$60,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 215 - County Assessors Continuing Education

Funding Sources: TCA - County Assessors Continuing Education Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	9,264	51,600	51,600	51,600	51,600	51,600	51,600	51,600	51,600
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	3,500	8,400	8,400	8,400	8,400	8,400	8,400	8,400	8,400
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		12,764	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Funding Sources										
Fund Balance	4000005	138,514	168,105		150,105	150,105	150,105	132,105	132,105	132,105
County Assessors Cont Educ	4000170	42,355	42,000		42,000	42,000	42,000	42,000	42,000	42,000
Total Funding		180,869	210,105		192,105	192,105	192,105	174,105	174,105	174,105
Excess Appropriation/(Funding)		(168,105)	(150,105)		(132,105)	(132,105)	(132,105)	(114,105)	(114,105)	(114,105)
Grand Total		12,764	60,000		60,000	60,000	60,000	60,000	60,000	60,000

Analysis of Budget Request

Appropriation: 258 - Assessment Coordination-State Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

The Assessment Coordination Department's State Operations appropriation is funded by a mix of general revenues and Ad Valorem Taxes that are authorized by A.C.A. §19-5-906.

Base Level Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY2015 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

Agency's Base Level and total request is \$3,054,879 in FY2016 and \$3,056,350 in FY2017.

The Executive Recommendation provides for the Agency Request and adds \$1,656,109 in general revenue funding each year restore previously authorized levels. Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: 258 - Assessment Coordination-State Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	1,455,916	1,486,209	1,529,616	1,501,296	1,501,296	1,501,296	1,502,496	1,502,496	1,502,496
#Positions	36	36	36	36	36	36	36	36	36
Extra Help 5010001	0	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
#Extra Help	0	3	3	3	3	3	3	3	3
Personal Services Matching 5010003	508,596	510,370	539,416	518,974	518,974	518,974	519,245	519,245	519,245
Operating Expenses 5020002	515,558	622,240	622,240	622,240	622,240	622,240	622,240	622,240	622,240
Conference & Travel Expenses 5050009	41,447	49,869	49,869	49,869	49,869	49,869	49,869	49,869	49,869
Professional Fees 5060010	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	5,363	0	0	0	0	0	0	0	0
Assessor's School 5900046	186,282	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Assessment Educ Incentive 5900047	102,250	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Total	2,815,412	3,031,188	3,103,641	3,054,879	3,054,879	3,054,879	3,056,350	3,056,350	3,056,350
Funding Sources									
Fund Balance 4000005	2,946,726	2,424,953		788,097	788,097	788,097	0	0	783,659
General Revenue 4000010	316,000	543,891		543,891	543,891	2,200,000	543,891	543,891	2,200,000
Ad Valorem Tax 4000060	2,350,441	2,350,441		2,350,441	2,350,441	2,350,441	2,350,411	2,350,411	2,350,411
Intra-agency Fund Transfer 4000317	(372,802)	(1,500,000)		(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
Total Funding	5,240,365	3,819,285		2,182,429	2,182,429	3,838,538	1,394,302	1,394,302	3,834,070
Excess Appropriation/(Funding)	(2,424,953)	(788,097)		872,450	872,450	(783,659)	1,662,048	1,662,048	(777,720)
Grand Total	2,815,412	3,031,188		3,054,879	3,054,879	3,054,879	3,056,350	3,056,350	3,056,350

Expenditure of appropriation is contingent upon available funding.

Analysis of Budget Request

Appropriation: 99Z - Cash Operations

Funding Sources: NCA - Assessment Coordination - Cash in Treasury

The Assessment Coordination Department's Cash in Treasury appropriation is funded by proceeds from the sales of property assessment and appraisal publications to parties in the private sector. Tuition is also collected from private citizens who enroll in assessment and appraisal courses conducted by the Department. These resources are used to purchase educational materials, defray printing costs, and pay for evaluations of agency methods and procedures to determine their compliance with guidelines of the International Association of Assessing Officers.

Agency's Base Level and total request is \$55,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: 99Z - Cash Operations

Funding Sources: NCA - Assessment Coordination - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	0	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000
Conference & Travel Expenses 5050009	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Professional Fees 5060010	500	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	500	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Funding Sources									
Fund Balance 4000005	80,131	105,034		70,034	70,034	70,034	35,034	35,034	35,034
Cash Fund 4000045	25,403	20,000		20,000	20,000	20,000	20,000	20,000	20,000
Total Funding	105,534	125,034		90,034	90,034	90,034	55,034	55,034	55,034
Excess Appropriation/(Funding)	(105,034)	(70,034)		(35,034)	(35,034)	(35,034)	(34)	(34)	(34)
Grand Total	500	55,000		55,000	55,000	55,000	55,000	55,000	55,000

Expenditure of appropriation is contingent upon available funding.