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RULE 1.03

DESCRIPTION OF ORGANIZATION

The Assessment Coordination Department welcomes inquiries from the public. Areas of responsibility are assigned to Divisions within the Department. The Assessment Coordination Department is composed of an Administrative body consisting of its Director, Deputy Director, Legal Counsel, Division Administrators, and support staff.

1. Division One is comprised of the Director, Deputy Director, Legal Counsel, and Division Administrators.

2. Division Two encompasses the following areas: Personal property assessment, business personal property data collection and assessment, educational programs, oil and gas assessment, agricultural land assessment, and the personal and business property ratio study.

3. Division Three encompasses the following areas: Computer operations, data management, statistical analysis, and overall coordination of the real estate property ratio study.

4. Division Four encompasses the following operations: personnel, budgeting/ accounting, fiscal operations, compilation and formalization of annual ratio studies, collection and publication of assessment and millage data, auditing of and assistance with county millage rollbacks, and support services for interdepartmental divisions.

5. Division Five *(Field Operations)* encompasses the following areas: ~~Data collection and confirmation on real estate assessments, personal property assessments collection and field appraisals.~~ *Audits of county assessment records and procedures, including but not limited to business personal property audits and audits of in-house and contracted reappraisal work; research as needed for assessment-related purposes; and special assistance to county officials.*

Adopted 10/01/99
Amended _____

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RULE 1.06

ASSESSMENT COORDINATION DEPARTMENT BEST PRACTICES ADVISORY GROUPS

There are hereby created the Assessment Coordination Department (ACD) Best Practices Advisory Groups. The Groups shall advise and assist the ACD Director in the development of standards for Best Practices in all areas of property assessment in Arkansas, including but not limited to the discovery, listing and valuation of property and ACD auditing procedures. Their role will be advisory only and not binding upon the Director. ~~The director may remove any member absent from three meetings during a calendar year.~~

Membership

The Director shall appoint members from a list of volunteers. All people employed in the assessment profession or interested in the assessment profession, including those from Arkansas and those from other states, will be eligible for appointment. Members shall serve for a term of one year and may be reappointed by the Director.

The nine standing Groups are:

1. Mass Appraisal - Residential
2. Mass Appraisal - Commercial
3. Mass Appraisal – Agricultural
4. Mass Appraisal - Mineral
5. Personal Property
6. Education
7. Mapping, CAMA and Records Management
8. Procedural Audit and Sales Ratio Study
9. Public Relations

Each Group will consist of seven members. From that group, the Director will choose one member to serve as Chairperson. ~~The Chairperson shall be responsible for coordinating meetings, drawing up documents, outlining recommended best practices, appointing a secretary for the Group and reporting the Group findings to the Director.~~ From time to time the Director at his or her discretion may form ad hoc Advisory Group Committees to address issues not within the purview of a standing Group.

Meetings

Each Best Practices Advisory Group must hold its initial meeting every year in January. The Chairperson shall be responsible for coordinating meetings, drawing up documents, outlining recommended best practices, appointing a secretary for the Group and reporting the Group findings to the Director. The minutes from each Group meeting

shall be submitted to ACD within ten (10) working days from the date the meeting is adjourned. The Director may remove any member absent from the January meeting or if the member is absent from three meetings during a calendar year.

Notice

Immediately upon adoption of this rule, the Director shall mail to each county assessor, each appraisal contractor in Arkansas and each ACD employee an announcement of the formation of the nine Advisory Groups. Each county assessor and contractor shall place the announcement in a conspicuous place for all employees to see. Accompanying the announcement will be a volunteer sign-up sheet, which any eligible individual may return to the Director to be considered for inclusion in a Best Practices Advisory Group.

Adopted 07/05/04

Amended _____

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RULE 3.12

APPRAISAL MANAGER TO BE NAMED IN REAPPRAISAL PLAN

Each reappraisal plan will name a specific person as the Appraisal Manager, hereafter referred to as Manager. No reappraisal plan will be approved that designates the county assessor as the Manager. The Manager has overall responsibility for the reappraisal. He or she shall be knowledgeable of and responsible for all aspects of the Reappraisal Plan (Plan). He or she shall assure that all applicable state laws, rules and regulations concerning reappraisals are followed.

A Manager may not delegate his or her responsibilities as a Manager in a county. To this end, in instances where a Manager is responsible for more than one county, he or she shall be present in each county as needed. When ACD auditors are working in a county the Manager should be physically present or available to be called when auditors wish to make an inquiry about the reappraisal.

A Manager is responsible for: seeing that personnel working under his or her supervision have the training and experience necessary to properly do the work assigned; for supervising the work of personnel working under him or her; for reviewing the work product of personnel working under his or her supervision.

Any violation of law or ACD rules, as well as deviation from sound assessment practices by an employee, as specified in ACD Rule 3.30, shall be reported by the Manager to the county assessor and ACD Field Operations Manager within (60) days from the occurrence.

Violation of any provision of this rule shall cause the Manager to be subject to disciplinary actions, which may include revocation of the Manager's designation by the Department.

*Adopted 10/01/99
Amended 12/20/06
Amended*

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RULE 3.15.3

REVIEW REAPPRAISAL PROGRAM USING SINGLE APPRAISERS

Entry of sales data	100
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Residential

Physical data collection	40
Physical data entry	100
Data entry review	250
Valuation	200

Commercial

Physical data collection	10
Physical data entry	20
Data entry review	30
Valuation	20

Adopted 10/01/99
Amended _____

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RULE 3.15.4

REVIEW REAPPRAISAL PROGRAM USING DATA GATHERERS AND REVIEW APPRAISERS

Entry of sales data 100

Residential

Quantitative data collection ~~—25~~ 50

Qualitative data collection ~~—75~~ 50

Physical data entry 100

Data entry review 250

Valuation 200

Commercial

Physical data collection 10

Physical data entry 20

Data entry review 30

Valuation 20

Adopted 10/01/99

Amended _____

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RULE 3.20

PROGRESS REPORTS FROM APPRAISAL MANAGER TO ACD

The appraisal manager will send by electronic transmission to the ACD, by the twentieth ~~(20th)~~ day of each month, ~~the a~~ progress report ~~a signed progress report~~, detailing reappraisal progress made from the twentieth (20th) of the preceding month through the nineteenth (19th) of the current month. The progress report will be on a specific form prescribed by the ACD. The appraisal manager will provide a copy of the progress report to the county assessor, ~~board of equalization~~ and the county judge, and upon request to the board of equalization and quorum court each month.

Adopted 10/01/99
Amended 12/20/00
Amended _____

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RULE 3.22

DIRECT DEPOSITS

Reimbursements ~~will~~ may be done in the form of a direct deposit. Each county/company must have an established account and submit necessary paperwork (voided check, signed permission form, etc.) before the reimbursement process begins.

Adopted 10/01/99

Amended 12/20/00

Amended _____

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RULE 3.30

MINIMUM ACCEPTABLE STANDARDS FOR PERFORMANCE AUDITS

Reappraisal performance must conform to these Rules and Regulations, and the appraisal process must uniformly employ logical and generally accepted methods and techniques that are necessary to produce credible appraisals.

Phase 1 completed parcels are those which have had data collection/review and data entry. Phase 2 completed parcels are those for which valuation and corresponding entry into the CAMA system is complete. The cumulative number of parcels which are Phase 1 complete must be at least 90% of planned progress unless sufficient reason is provided on the monthly progress report and approved by ACD. For each property type, valuation must be complete for at least 50% of the parcels, subject to minor revisions, by April 19th of the valuation year.

For each performance audit, total errors and/or omissions must not exceed 5% for any general or specific element of the appraisal process.

Failure to list a dwelling or other major improvement or placement of that improvement on the wrong parcel may not occur on more than 2% of the parcels.

Individual perimeter measurements of one-story dwellings must be accurate within one foot. Estimated measurements will be allowed for additional levels and for items such as driveways or fences, but these estimates should be based on techniques resulting in reasonable accuracy. Property characteristics for which measurement is not a cost component in the applicable manual do not require dimensions (fireplace, for example).

All real estate improvements must be listed on each property record card. Those improvements that are deemed to have no contributory value by the appraiser must be listed with minimal description and coded uniformly by CAMA providers. Dimensional elements of NCV improvements are optional. Failure to list all such improvements will be counted on the PA as an error.

The ACD will periodically audit entry of sales information during both Phase 1 and Phase 2 of the reappraisal. All deeds which necessitate a change of name or legal description that are more than 30 days past their filing date must have been entered into

the county's CAMA system. Errors and/or omissions shall not exceed 5% of the total entries.

Adopted 10/01/99
Amended 12/20/00
Amended 3/03/02
Amended 07/05/04
Corrected 9/25/08
Amended_____

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RULE 3.36

REQUIRED REPORTS

All CAMA systems, whether located in the courthouse or a remote site (example: appraisal contractor's office) will be able to provide the following reports to the ACD, ~~both on-site, and via phone modem~~ by electronic transmission: (1) parcel counts, (2) production reports, (3) sales reports, and (4) additional reports developed for audit-related purposes. These reports must be provided to ACD auditors within a reasonable time upon request.

CAMA systems utilized by the county or appraisal contractor to perform a reappraisal must be able to tabulate a parcel count by the categories requested elsewhere in these rules.

Physical data must be entered in such a way that parcel counts required in these rules may be run in a single report.

If the contractor chooses to utilize GIS for performance of any portion of the reappraisal, the data and the layers must be deliverable to the county assessor and the ACD for audit purposes.

Adopted 10/01/99

Amended 3/03/02

Amended _____

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RULE 3.38

BID SPECS FOR CONTRACTED REAPPRAISALS

All contracted reappraisals will utilize standardized bid specifications developed by the ACD. Any variations from these standardized bid specifications must be in the form of an addendum and must be approved by the ACD. All bid specifications must be submitted to the ACD in accordance with Arkansas Code Annotated 26-26-1905.30 ~~days before advertising for requests for proposals.~~ Limiting conditions that unfairly restrict competition will not be allowed.

Adopted 10/01/99
Amended 12/20/00
Amended 3/03/02
Amended

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RULE 3.39

BIDS REQUIRED FOR CONTRACTED REAPPRAISALS

Each county that contracts reappraisal services ~~will be required to~~ shall advertise for bids for the planned reappraisal by posting a notice of such reappraisal and invitation to bid in a conspicuous place in the county courthouse and by one insertion in a newspaper with a general circulation in the county. The county shall also ~~and to~~ mail, fax, or email send by electronic transmission a copy of the notice/bid invitation to all companies listed on the ACD Annual Register of appraisal companies at the time of advertising. The notice/invitations to bid shall include the number of parcels, the time and date deadline for submitting bids - not less than ten (10) nor more than thirty (30) working days from the date of advertisement in the newspaper and the date the notice/invitations to bid are mailed out – and a statement that any bids submitted by a contractor that do not meet the ACD approved specifications shall be rejected by the county. The notice/invitation to bid shall also include a statement that the contractor may obtain a copy of the bid specifications by contacting the county assessor and requesting that the specifications be mailed, emailed, or faxed to him. Along with the notice/invitation the county shall include a contractor response form. The response form shall contain at least the following options for the contractor to check: 1) This contractor wishes to bid on this reappraisal and a bid is enclosed. 2) This contractor does not wish to bid on this reappraisal but wishes to receive all bid notices/invitations in the future. Space should be provided for any comments the contractor wishes to make. The response form must be signed by an authorized representative of the contractor.

All contractors receiving the notice/invitation must complete and return the response form to the county. All bid documents, even if they are only the completed response form, must be mailed or hand delivered to the county in a sealed envelope or container clearly labeled “Bid Documents.” This requirement shall be a prerequisite for a contractor to remain on the ACD list of registered contractors.

The deadline for submitting bids and forms shall be at least ~~two hours~~ thirty (30) minutes before the scheduled time for opening. All such bids shall remain unopened and under lock, in a safe location, until the date and time for the bids be opened.

The county shall submit to the ACD a copy of all bids received. In the event the county chooses to employ an appraisal firm other than the firm that submits a low bid, the county assessor must submit a written narrative explaining the county's choice of firms. The narrative must be attached to the proposed appraisal contract, and explain in detail what criteria were utilized to make the decision to hire a firm other than the low bidder. Failure to comply with this rule will result in rejection of the proposed appraisal contract.

To assist counties in making judgments as to contractor's qualifications and past performance, the ACD shall provide the following information about each contractor to the assessor, county judge, equalization board, and school superintendents in each county requesting bid for reappraisal contracts:

1. Contractor Register information provided to ACD in compliance with ACD Rule 4.05, upon request.
2. The total cost of each contract that each contractor currently has in force.
3. Ratio study results in the counties where each contractor has completed reappraisal in the preceding two years.
4. The number of findings by the ACD that each contractor was out of compliance during ACD procedural audits in the preceding twenty-four (24) months.
5. The number of instances during the preceding twenty-four (24) months that each contractor has had a contract terminated or funding for the county terminated by the ACD.

Adopted 10/01/99
Amended 12/20/00
Amended 3/03/02
Amended 07/05/04
Amended 09/25/08
Amended _____

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RULE 3.42

REAPPRAISAL BUDGETS REQUIRED

~~Any~~ Each county that ~~is performing~~ undertakes an in-house reappraisal must submit a reappraisal budget attached to the reappraisal plan. The reappraisal budget shall be on a form designated by the ACD. The reappraisal budget shall include detailed projected expenses for personnel, office expenses and all other expenses associated with the reappraisal of real estate.

Adopted 10/01/99
Amended _____

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RULE 4.08.2

DEFINITIONS RELATING TO AMENDMENT 79

1. **CHANGE IN USE** - The terms "newly discovered" and "newly constructed" as contained in Arkansas Constitution Article 16, Section 12 and Amendment 79 shall be construed to include change in use.
2. **SUBSTANTIAL IMPROVEMENT TO REAL PROPERTY**- The term "substantial improvements to real property" as used in Amendment 79, Sections 1(b)(2), 1 (c) (2), and 1(d)(4) means:
 - a. Renovation, reconstruction, and refurbishment occurring to further a change in the use and/or class of an improvement. Upon completion of the renovation, reconstruction or refurbishment the assessor shall note the change in use and reappraise the improvement based upon its prevailing market value in the following assessment year. 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, Sections 1(b)(1), 1(c)(1) or 2(b) whichever is appropriate.
 - b. Renovation, reconstruction, and refurbishment occurring that will add 25% or more to the contributory value of an improvement to the property. Upon completion of the renovation, reconstruction or refurbishment the assessor shall note and document the contributory value increase and reappraise the improvement based upon its prevailing market value in the following assessment year. 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, Sections 1(b)(1), 1(c)(1) or 2(b) whichever is appropriate.
 - c. Newly constructed and newly discovered property shall be assessed at full value.

NOTE: "substantial improvements to real property" as used in Amendment 79, Sections 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.

3. FULL VALUE (aka market value or appraised value) is a property's most probable selling price or current value estimate as of the statutory valuation date.
4. FULL ASSESSED VALUE (aka Assessed Value) is equal to 20% of the Full Value.
5. TAXABLE ASSESSED VALUE is the value after the any applicable limitations to Full Assessed Value increases contained in Amendment 79 to the Arkansas Constitution are applied. Taxable Value will be less than or equal to Full Assessed Value.

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

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RULE 4.29

CHANGE IN MARKET VALUE BETWEEN REAPPRAISALS

1. 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 Arkansas Assessment Coordination Department that they have made such determination, and that an investigation is pending.
2. The investigation shall proceed according to the following steps.
 - a. A ratio study shall be completed by the Equalization Board or its Contractor for each neighborhood (as defined by ACD rules) in the County.
 - i. ~~At least 12 months~~ The preceding calendar year sales shall be used in the study. No sales for the current year may be used.
 - ii. The sales validation process shall be completed for those sales used in the study.
 - b. The Equalization Board may submit its standard full parcel extract, which includes current value and findings, to the ACD for review and evaluation.
 - c. 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.
 - i. Using the ratio studies completed in step a determine the range of ratios to be adjusted.
 - ii. The Equalization Board shall document the types of evidence to be considered acceptable for adjustment of value. Some may be...
 1. Valid sales
 2. Long term listings
 3. The influence on market value of any foreclosure related sales
 - iii. The Equalization Board shall document the level of evidence necessary for adjustment to be considered. Examples are...
 1. Number of sales/listings
 2. Average number of days on market
 - d. The Equalization Board shall document a plan for adjusting values in such neighborhoods.
 - i. Determine the target ratio.
 - ii. Determine what information will be used to develop revised values. Examples are...
 1. Valid sales
 2. Long term listings
 3. The influence on market value caused by any foreclosure related sales

- iii. Determine the amount of information necessary to develop a credible value.
 - 1. Number of sales/listings
 - 2. Average number of days on market
 - e. The Equalization Board shall document a plan for public relations related to revised values. Some actions to consider are:
 - i. Conversations with affected taxing entities
 - ii. Press releases
 - iii. Talking to reporters at Equalization Board meetings
 - iv. Notices/letters to property owners by a certain date
 - f. The Equalization Board shall document a plan for Board adjustments to adjusted values during the appeals process.
- 3. 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 ACD along with proposed values for each parcel.
 - a. The Equalization Board shall include documentation regarding how they developed their plan and why the plan was chosen as the most appropriate.
 - b. After discussion with the Equalization Board and/or its representatives, the ACD will approve or disapprove the plan as is or approve the plan contingent upon specific requirements being met.
- 4. All analysis and/or adjustments shall be done in accordance with standard ACD reappraisal rules and regulations, including oversight by a qualified Appraisal Manager.

Adopted by emergency procedure 06/12/09
Adopted by permanent procedure 04/26/10
Amended _____

