

ARKANSAS REGISTER

Proposed Rule Cover Sheet



Secretary of State
John Thurston
500 Woodlane Street, Suite 026
Little Rock, Arkansas 72201-1094
(501) 682-5070
www.sos.arkansas.gov



Name of Department Department of Finance and Administration
Agency or Division Name Assessment Coordination Division
Other Subdivision or Department, If Applicable _____
Previous Agency Name, If Applicable Assessment Coordination Department
Contact Person Sandra Cawyer
Contact E-mail sandra.cawyer@acd.arkansas.gov
Contact Phone (501) 324-9240

Name of Rule Applications for Property Tax Exemptions
Newspaper Name Arkansas Democrat-Gazette
Date of Publishing April 30, 2021, May 1-2, 2021
Final Date for Public Comment June 1, 2021
Location and Time of Public Meeting 1:30pm June 1, 2021, 1509 W. 7th, Little Rock, Ark.

QUESTIONNAIRE
FOR FILING PROPOSED RULES WITH THE
ARKANSAS LEGISLATIVE COUNCIL

DEPARTMENT/AGENCY Department of Finance and Administration

DIVISION Assessment Coordination Division

DIVISION DIRECTOR Sandra Cawyer

CONTACT PERSON Sandra Cawyer

ADDRESS 1900 West Seventh Street, Little Rock, Arkansas 72201

PHONE NO. 501-324-9240 FAX NO. 501-324-9242 E-MAIL sandra.cawyer@acd.arkansas.gov

NAME OF PRESENTER AT COMMITTEE MEETING Sandra Cawyer

PRESENTER E-MAIL sandra.cawyer@acd.arkansas.gov

INSTRUCTIONS

- A. Please make copies of this form for future use.
- B. Please answer each question completely using layman terms. You may use additional sheets if necessary.
- C. If you have a method of indexing your rules, please give the proposed citation after "Short Title of this
- D. Rule" below.
- E. Submit two (2) copies of the Questionnaire and Financial Impact Statement attached to the front of two (2) copies of the proposed rule and required documents. Mail or deliver to:

Jessica C. Sutton
Administrative Rules Review Section
Arkansas Legislative Council
Bureau of Legislative Research
One Capitol Mall, 5th Floor
Little Rock, AR 72201

1. What is the short title of this rule? Applications of Property Tax Exemptions

2. What is the subject of the proposed rule? Exemptions from ad valorem taxation

3. Is this rule required to comply with a federal statute, rule, or regulation? Yes ☐ No ☒

If yes, please provide the federal rule, regulation, and/or statute citation.

4. Was this rule filed under the emergency provisions of the Administrative Procedure Act?

Yes ☐ No ☒

If yes, what is the effective date of the emergency rule? _____

When does the emergency rule expire? _____

Will this emergency rule be promulgated under the permanent provisions of the Administrative Procedure Act? Yes ☐ No ☐

5. Is this a new rule? Yes ☒ No ☐ If yes, please provide a brief summary explaining the rule.

The rule establishes the process and procedure for applying for an exemption from ad valorem taxation. Property owners claiming an exemption from taxation will apply for the exemption with the County Assessor, consistent with current practice. Assessment Coordination Division (ACD) will provide centralized supervision of the exemption application process to ensure state-wide equality.

Does this repeal an existing rule? Yes ☐ No ☒ If yes, a copy of the repealed rule is to be included with your completed questionnaire. If it is being replaced with a new rule, please provide a summary of the rule giving an explanation of what the rule does.

Is this an amendment to an existing rule? Yes ☐ No ☒ If yes, please attach a mark-up showing the changes in the existing rule and a summary of the substantive changes. Note: The summary should explain what the amendment does, and the mark-up copy should be clearly labeled "mark-up."

6. Cite the state law that grants the authority for this proposed rule? If codified, please give the Arkansas Code citation.

Ark. Code 19-1-208; Ark. Code 26-24-101 through 26-24-123; Ark. Code 26-26-1125(a)(2).

7. What is the purpose of this proposed rule? Why is it necessary?

ACD promulgated the proposed rule pursuant to a legislative directive to do so in Act 819, Acts of 2019, codified at Ark. Code 26-26-1125. The rule will govern applications for property tax exemptions, requiring a standard application used state-wide and state government oversight.

8. Please provide the address where this rule is publicly accessible in electronic form via the Internet as required by Arkansas Code § 25-19-108(b).

www.arkansasassessment.com

9. Will a public hearing be held on this proposed rule? Yes ☒ No ☐ If yes, please complete the following:

Date: 06/01/2021

Time: 1:30pm

Place: First-floor Conference Room, DFA Building, 1509 West 7th Street, Little Rock, Arkansas

10. When does the public comment period expire for permanent promulgation? (Must provide a date.)

05/31/2021

11. What is the proposed effective date of this proposed rule? (Must provide a date.)

06/15/2021

12. Please provide a copy of the notice required under Ark. Code Ann. § 25-15-204(a), and proof of the publication of said notice. Attached

13. Please provide proof of filing the rule with the Secretary of State as required pursuant to Ark. Code Ann. § 25-15-204(e). Attached

14. Please give the names of persons, groups, or organizations that you expect to comment on these rules? Please provide their position (for or against) if known.

Schools and school boards, superintendents, county officials, Association of Arkansas Counties, County Judge's Association of Arkansas, Arkansas County Assessors Association, Arkansas Municipal League, Arkansas Hospital Association, Arkansas Chamber of Commerce, Associated Industries of Arkansas, Arkansas Association of Educational Administrators, Dover Dixon Horne PLLC attn. Michael O. Parker & Matthew Boch, Mitchell, Williams, Selig, Gates, and Woodyard, attn. Deven R. Bates; Arkansas Forest and Paper Council c/o Ray Dillon, President, Brent Stevenson Associates.
DataScout, LLC;

FINANCIAL IMPACT STATEMENT

PLEASE ANSWER ALL QUESTIONS COMPLETELY

DEPARTMENT Department of Finance and Administration

DIVISION Assessment Coordination Division

PERSON COMPLETING THIS STATEMENT Sandra Cawyer

TELEPHONE NO. _____ FAX NO. _____ EMAIL: sandra.cawyer@acd.arkansas.gov

To comply with Ark. Code Ann. § 25-15-204(e), please complete the following Financial Impact Statement and file two (2) copies with the Questionnaire and proposed rules.

SHORT TITLE OF THIS RULE Applications of Property Tax Exemptions

1. Does this proposed, amended, or repealed rule have a financial impact? Yes ☒ No ☐
2. Is the rule based on the best reasonably obtainable scientific, technical, economic, or other evidence and information available concerning the need for, consequences of, and alternatives to the rule?
Yes ☒ No ☐
3. In consideration of the alternatives to this rule, was this rule determined by the agency to be the least costly rule considered? Yes ☒ No ☐

If an agency is proposing a more costly rule, please state the following:

- a) How the additional benefits of the more costly rule justify its additional cost;

- b) The reason for adoption of the more costly rule;

- c) Whether the more costly rule is based on the interests of public health, safety, or welfare, and if so, please explain; and

- d) Whether the reason is within the scope of the agency's statutory authority, and if so, please explain.

4. If the purpose of this rule is to implement a federal rule or regulation, please state the following:

a) What is the cost to implement the federal rule or regulation?

Current Fiscal Year

Next Fiscal Year

General Revenue _____
Federal Funds _____
Cash Funds _____
Special Revenue _____
Other (Identify) _____

General Revenue _____
Federal Funds _____
Cash Funds _____
Special Revenue _____
Other (Identify) _____

Total \$ 0.00

Total \$ 0.00

b) What is the additional cost of the state rule?

Current Fiscal Year

Next Fiscal Year

General Revenue _____
Federal Funds _____
Cash Funds _____
Special Revenue _____
Other (Identify) _____

General Revenue _____
Federal Funds _____
Cash Funds _____
Special Revenue _____
Other (Identify) _____

Total \$ 0.00

Total \$ 0.00

5. What is the total estimated cost by fiscal year to any private individual, entity and business subject to the proposed, amended, or repealed rule? Identify the entity(ies) subject to the proposed rule and explain how they are affected.

Current Fiscal Year

Next Fiscal Year

\$ _____

\$ _____

| |
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| |
|--|

6. What is the total estimated cost by fiscal year to state, county, and municipal government to implement this rule? Is this the cost of the program or grant? Please explain how the government is affected.

Current Fiscal Year

Next Fiscal Year

\$ _____

\$ _____

| |
|--|
| |
|--|

7. With respect to the agency's answers to Questions #5 and #6 above, is there a new or increased cost or obligation of at least one hundred thousand dollars (\$100,000) per year to a private individual, private entity, private business, state government, county government, municipal government, or to two (2) or more of those entities combined?
Yes ☒ No ☐

If YES, the agency is required by Ark. Code Ann. § 25-15-204(e)(4) to file written findings at the time of filing the financial impact statement. The written findings shall be filed simultaneously with the financial impact statement and shall include, without limitation, the following:

- (1) a statement of the rule's basis and purpose;
- (2) the problem the agency seeks to address with the proposed rule, including a statement of whether a rule is required by statute;
- (3) a description of the factual evidence that:
 - (a) justifies the agency's need for the proposed rule; and
 - (b) describes how the benefits of the rule meet the relevant statutory objectives and justify the rule's costs;
- (4) a list of less costly alternatives to the proposed rule and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;
- (5) a list of alternatives to the proposed rule that were suggested as a result of public comment and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;
- (6) a statement of whether existing rules have created or contributed to the problem the agency seeks to address with the proposed rule and, if existing rules have created or contributed to the problem, an explanation of why amendment or repeal of the rule creating or contributing to the problem is not a sufficient response; and
- (7) an agency plan for review of the rule no less than every ten (10) years to determine whether, based upon the evidence, there remains a need for the rule including, without limitation, whether:
 - (a) the rule is achieving the statutory objectives;
 - (b) the benefits of the rule continue to justify its costs; and
 - (c) the rule can be amended or repealed to reduce costs while continuing to achieve the statutory objectives.

**Assessment Coordination Division
Ark. Code 25-15-204(e)(4) Written Findings**

(1) A statement of the rule's basis and purpose.

The agency's proposed rule is based on legislative directive in Act 819, Acts of 2019, codified at § 26-26-1125. The proposed rule is further based on legislative authority granted in Act 129, Acts of 1927, and amendments thereto, codified at § 26-24-101 et seq. The purpose of the proposed rule is compliance with the constitutional mandate of equal and uniform taxation of property statewide. Art. 16, § 5(a).

(2) The problem the agency seeks to address with the proposed rule, including a statement of whether a rule is required by statute.

Act 819 of 2019 requires agency promulgating of the proposed rule. There exists no central oversight of property tax exemptions in the state. Exemptions are governed almost exclusively by County Assessors with the result being disparate application of the tax laws of the state. Statewide regulation of exemptions will improve equal and uniform taxation of property.

(3) A description of the factual evidence that (a) justifies the agency's need for the proposed rule and (b) describes how the benefits of the rule meet the relevant statutory objectives and justify the rule's costs.

- (a)** Similarly situated property owners are being taxed differently in different counties. The assessors lack guidance and oversight on exemptions from taxation.
- (b)** With Act 819, the General Assembly directed ACD to promulgate rules to assist County Assessors identify property that is exempt from taxation under Arkansas law. The agency's proposed rule will create a state-wide uniform application process for exemptions and identify properties currently exempted that should not be exempted under the law. The proposed rule will increase the costs of ACD and County Assessors, particularly in the initial year of the application process, although costs thereafter should be minimal and implementation should result in increased tax revenue as properties currently exempt are returned to assessor tax rolls. Furthermore, the costs associated with implementation are necessary to ensure equalization and uniformity of the state's tax laws.

(4) A list of less costly alternatives to the proposed rule and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule.

The only less costly alternative to the proposed rule is to do nothing and maintain the status quo, which will obviously not comply with the directive of Act 819 nor address the problem the General Assembly identified when it passed the directive for ACD to make rules on the issue.

(5) A list of alternatives to the proposed rule that were suggested as a result of public comment and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule.

None.

(6) A statement of whether existing rules have created or contributed to the problem the agency seeks to address with the proposed rule and, if existing rules have created or contributed to the problem, an explanation of why amendment or repeal of the rule creating or contributing to the problem is not a sufficient response.

No agency rule created or contributed to the problem the agency now seeks to address. The lack of a rule on the subject matter is the source of the problem.

(7) An agency plan for review of the rule no less than every ten (10) years to determine whether, based upon the evidence, there remains a need for the rule including, without limitation, whether:

- (a) the rule is achieving the statutory objectives;
- (b) the benefits of the rule continue to justify its costs; and
- (c) the rule can be amended or repealed to reduce costs while continuing to achieve the statutory objectives.

The agency's proposed rule contemplates annual review and audit by the agency as well as annual reporting to the Governor and General Assembly. The proposed rule's efficacy and necessity will thus be closely monitored by all levels of government.

Hamilton Kemp

From: Rob McGee
Sent: Thursday, April 29, 2021 9:20 AM
To: Sandra Cawyer; Hamilton Kemp
Subject: FW: ACD Legal notice

Robert McGee

Arkansas Department of Finance and Administration
Assessment Coordination Division
Deputy Director
Office: 501-324-9114
Robert.McGee@acd.arkansas.gov
<https://www.arkansasassessment.com/>

From: legalads@arkansasonline.com <legalads@arkansasonline.com>
Sent: Thursday, April 29, 2021 8:59 AM
To: Rob McGee <Robert.McGee@acd.arkansas.gov>
Subject: Re: ACD Legal notice

Thanks, Rob. Will run Fri 4/30, Sat 5/1, and Sun 5/2.

Gregg Sterne, Legal Advertising
Arkansas Democrat-Gazette
legalads@arkansasonline.com

From: "Rob McGee" <Robert.McGee@acd.arkansas.gov>
To: legalads@arkansasonline.com
Cc: "Sandra Cawyer" <Sandra.Cawyer@acd.arkansas.gov>, "Hamilton Kemp" <Hamilton.Kemp@acd.arkansas.gov>
Sent: Wednesday, April 28, 2021 11:58:05 AM
Subject: ACD Legal notice

We need of this being posted Friday April 30th through Sunday May 2nd.

Billing will be through us.



Robert McGee

Arkansas Department of Finance and Administration
Assessment Coordination Division
Deputy Director
Office: 501-324-9114
Robert.McGee@acd.arkansas.gov
<https://www.arkansasassessment.com/>



STATE OF ARKANSAS
**Department of Finance
and Administration**

Assessment Coordination Division
1900 West 7th Street–Room 2140
Little Rock, Arkansas 72201
Phone: (501) 324-9240
Fax: (501) 324-9242
www.arkansasassessment.com

April 30, 2021

LEGAL NOTICE OF RULEMAKING

In compliance with Act 434 of 1967, the Administrative Procedures Act, as amended, notice is hereby given that the Assessment Coordination Division of the Department of Finance and Administration intends to adopt Rule 6.01–6.04 titled “Applications for Property Tax Exemptions.” The purpose of the rule is to regulate and equalize statewide exemptions from property taxation and is promulgated pursuant to the directive of the Arkansas General Assembly in Act 819, Acts of 2019.

A public comment hearing will be held on June 1, 2021, at 1:30pm in the first-floor conference room (102) of the DFA Building, 1509 West Seventh Street, Little Rock, Arkansas. All interested parties may attend and present their views on the subjects and issues involved. The proposed rule is available on the Assessment Coordination Division’s website: www.arkansasassessment.com. Interested persons and parties may submit written comments by or before May 31, 2021 to Sandra Cawyer, Director, Assessment Coordination Division, Post Office Box 8022, Little Rock, Arkansas 72203 or emailed to the following email: kayleigh.gilliam@dfa.arkansas.gov.

Assessment Coordination Division
Draft Rules on Property Tax Exemptions

Summary of Proposed Rules

In Act 819, Acts of 2019, the General Assembly directed the Assessment Coordination Division (ACD) to promulgate rules to aid the county assessors identifying property that is exempt from ad valorem property taxation. ACD has prepared draft rules governing applications by a property owner for a tax exemption under Arkansas law and the Constitution.

Under Arkansas's constitutionally mandated system, county assessors determine whether a property owner is entitled to an exemption from property taxes, and ACD's proposed rules will not change the county assessors' current authority to determine exemptions. Local assessors will continue to determine whether a property owner is entitled to an exemption.

Under the proposed rules, a property owner will be granted exemption upon approval of an application drafted as part of ACD's proposed rules and filed with the local county assessor, a process that is currently required by some, but not all, assessors for exemptions. After receiving the application, the assessor can thereafter (1) grant or deny the application, (2) seek ACD guidance on the application, or (3) submit the application to ACD for its determination of the exemption. The application is a one-time obligation. In other words, once an exemption is granted, the property will not have to thereafter reapply unless directed to do so by the local assessor or ACD based on an observed change in use of the property.

The proposed rules contemplate an initial application year to review all current exempt properties. ACD will in addition audit exemptions for compliance with the goal being statewide equalization and uniform application of the state's property tax laws. ACD will in addition report annually to the Governor and General Assembly showing the number of exempted parcels for each county.

Case # _____
Date of Filing: _____

ARKANSAS ASSESSMENT COORDINATION DIVISION
PROPERTY TAX EXEMPTION
PETITION FOR REVIEW

Filing Information & Deadline: Any person, corporation, or any other organization seeking review of a County Assessor's determination of a property taxation exemption shall file this Petition for Review with the Arkansas Assessment Coordination Division by September 1 of the Assessment Year.

Name of Petitioner: _____

Petitioner is ☐ Property Owner ☐ Assessment Coordination Division ☐ County Assessor
☐ Other County Official, Town or City, School District, or other Unit of the State

Petitioner's Address: _____

County where property is located: _____

Name of Property Owner: _____

Address of Property Owner: _____

If the petition is lodged by an attorney, list the attorney's name, address, and email here.

Description of Property:

Please explain in detail the legal basis for your belief that the subject property qualifies or does not qualify for an exemption from taxation. (use attachments if necessary)

Attach to your petition the property owner's application for a tax exemption signed by the County Assessor along with all documents attached to the application.

Signature of Petitioner or Attorney

Date

**STATE OF ARKANSAS
GENERAL PROPERTY TAX EXEMPTION
APPLICATION FORM**

This application is for ad valorem taxation exemption under Arkansas law. This application and all supporting documentation requested herein shall be filed with the County Assessor for the county in which the property is located between January 1 and May 1. Applications received after May 1 and incomplete applications will be denied. If a County Assessor requests additional information or documentation, the applicant must provide the additional information or documentation within thirty days of the request.

Section 1. GENERAL INFORMATION

(a) COUNTY WHERE PROPERTY IS LOCATED:

(b) NAME OF THE PROPERTY OWNER CLAIMING EXEMPTION:

(c) NAME OF PERSON SUBMITTING APPLICATION:

(d) Please indicate the basis of your authority to represent the property owner in filing this application:

- ☐ Property Owner ☐ Officer, board member, or authorized employee of organization
☐ Attorney for organization ☐ Other : (specify) _____

(e) APPLICANT MAILING ADDRESS:

(f) PHYSICAL ADDRESS OF PROPERTY:

(g) TELEPHONE NUMBER OF APPLICANT _____

(h) List all owners of the property and state their proportionate interest:

| | |
|-------|-------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

(i) Legal description of property or parcel number:

(j) Is the organization applying for an exemption incorporated, a trust, a limited liability company, or some other entity? ☐ Yes ☐ No

(k) If yes, what state granted the incorporation or other entity and describe the type of entity?

(l) Identify all persons and/or corporations who have an ownership interest in the applicant:

(m) Is the application exempt from federal income taxation? ☐ Yes ☐ No
If yes, attach a copy of the exemption determination letter from the Internal Revenue Service.

(n) Is any of the property rented or leased? ☐ Yes ☐ No
If yes, attach a copy of all active lease or rental agreements for the last year.

(o) Owner's statement of value: Real Property _____
 Real Property Improvements _____
 Personal Property _____

Section 2: USE OF THE PROPERTY

(a) Describe how is the property used (attach additional pages if needed)

(b) If you are claiming exemption as a public charity, please describe in detail the property owner's charitable activities.

Section 3: ATTACHMENTS:

The applicant shall attach to the application the following documents, which are deemed incorporated into the application:

1. Please provide a copy of the articles of incorporation, articles of organization, declaration of trust, or any other constitutional or organic documents used to form the organization and stating its purposes and aims and any corporate by-laws.
2. A statement indicating the salaries, fees, loans, commissions, gratuities, bonuses or other compensation of any officer, director, trustee, member, or stockholder of this organization.
3. A statement indicating the guarantee of any loan to or obligation of any officer, director, trustee, member or stockholder of the applicant.
4. Any contracts between the applicant and any officer, director, trustee, member, or stockholder of this organization pertaining to:
 - a. Rendition of any service
 - b. Provision of any goods or supplies
 - c. The management or administration of the applicant
 - d. The construction or renovation of the property
5. Any complaint filed by the applicant in the previous twelve months in any state or federal court.
6. A schedule of the following:
 - a. Salaries for the officers and any board of directors or trustee of the applicant.
 - b. Services rendered by the applicant
 - c. Supplies and materials used by the applicant
 - d. Reserves for repair, replacement, and depreciation of the property
 - e. Mortgage, lien, and encumbrance payments for the property
7. A detailed statement of the revenue or income of the applicant for the previous twenty-four months, including the amounts and sources of revenue.
8. A copy of any bonus policy or program wherein executives, employees, staff, or contractors are awarded bonuses based on performance.
9. A detailed statement of expenditures of the applicant, including the amounts and recipients.
10. A detailed statement of goods or services provided by the applicant for free for those who are unable to pay for them in the previous twelve months, including any policies and procedures regarding goods or services for those who are unable to pay.
11. If the applicant earned any unrelated business income as defined by IRS Code, provide a detailed accounting of the income including the source and amount.
12. Provide a detailed accounting of all charitable activities of your organization.

Application # _____

Under threat of penalties prescribed by law, I hereby affirm that, to the best of my knowledge and belief, the statements and information in this application are true and correct and are made for the purpose of exempting the property herein described from taxation.

APPLICATION WILL BE REJECTED IF AFFIRMATION IS NOT SIGNED.

| Print Name of Owner, Officer, or Agent | Signature | Title | Date |
|--|-----------|-------|------|
|--|-----------|-------|------|

For use by the County Assessor

Application is _____ Approved _____ Denied _____ Referred to ACD.

County Assessor

Date

CHAPTER 6: APPLICATIONS FOR PROPERTY TAX EXEMPTION

RULE 6.01: STATUTORY AUTHORITY & GENERAL SCOPE OF AUTHORITY

ARK. CODE ANN. § 26-24-104–26-24-123; ARK. CODE ANN. § 26-26-1125

Rule 6.01.01

The Assessment Coordination Division (ACD) is vested with full power and authority in the administration of the property tax laws of the State of Arkansas, including promulgation of rules consistent with Arkansas's constitutional mandate that property should be taxed consistently, equally, and uniformly throughout the state. Ark. Code Ann. § 26-24-104 et seq. These rules govern exemptions from ad valorem taxation in Arkansas.

Rule 6.01.02

Pursuant to Act 819, § 16, Acts of 2019, the General Assembly vested the ACD with authority to adopt rules necessary for (A) general guidance and assistance of county assessor in identifying property that is exempt from ad valorem taxation and assessing business inventory and (B) determining when a county is non-compliant with the rules thus promulgated. Ark. Code Ann. § 26-26-1125. Act 819's mandates take effect May 1, 2021.

Rule 6.01.03

The Arkansas Constitution provides that all real and tangible personal property subject to taxation shall be taxed according to its value and that the value is to be ascertained in such a manner as the General Assembly shall direct, making the same equal and uniform throughout the State. Ark. Const. Art. 16, § 5; *Strawn v. Campbell*, 226 Ark. 449, 291 S.W.2d 508 (1956); *Hutton v. King*, 134 Ark. 463, 205 S.W.296 (1918). These Rules are promulgated to guarantee consistent administration of the state's tax laws throughout the State and to ensure fair administration of the tax laws.

RULE 6.02 APPLICATIONS FOR PROPERTY TAX EXEMPTION

Rule 6.02.01

Actual use of the property determines eligibility for an exemption under Arkansas law, and the property owner claiming an exemption must prove in the owner's application as provided herein that the owner's use of the property qualifies the property owner for an exemption under Arkansas law. Property owned by the State of Arkansas and her instrumentalities (universities, Arkansas Highway Commission, AGFC, etcetera) and the federal government (national forests and parks, post offices, courthouses, and other federal buildings) are immune from taxation. The owner of property that is immune from taxation does not need to submit an application for an exemption under these rules in order to remain immune from taxation.

Rule 6.02.02

Eligibility of an application for an exemption from ad valorem taxation shall be determined as follows:

- A. A property owner must apply for an exemption as provided herein filed with the County Assessor for the county in which the property is located. Under guidance and supervision of ACD, County Assessors determine whether the owner of property is entitled under state law to an exemption from property taxation.

- B. The exemption may be partial or full as determined by the County Assessor or, ultimately, ACD. A parcel may be partially exempt if part, but not all, of the property is being used exclusively for an exempted purpose. In the case of a partial exemption, the County Assessor shall assess the non-exempt portion of the parcel consistent with all other property in the County while listing the exempt portion on the assessor's roll of property exempt from taxation. If a parcel is completely devoted to an exempt purpose, it is fully exempt and should thus be noted on the assessor's roll.
- C. The Initial Exemption Application shall be filed with the County Assessor for the county in which the property is located beginning January 1, 2023 and no later than May 1, 2023. Failure to timely file the Initial Exemption Application shall constitute a waiver of the exemption for that current assessment year. The County Assessor shall mark the application documenting the date of filing and assign the application a number. The number assigned to each application shall include the following in this order: the county's assigned Arkansas Courts efilng Number, EX, the last two digits of the year, and the sequential number of the particular application. For example, when Madison County receives its twenty-seventh application in 2023, the application shall be numbered 44EX-23-27. All property owners claiming exemption for the assessment year 2023 must apply for the exemption for that assessment year. Each assessor shall send the application by mail along with instructions to the owner of each currently exempted parcel in the county by January 15, 2023. Each assessor shall hang in his or her office and prominently publish on his or her website an announcement that exemption applications are necessary and due by May 1, 2023. The instructions should advise the property owner to complete the application and return it to the assessor as soon as possible but at least by May 1, 2023 and that the property will be taxed if the property owner fails to timely file the application. Assessors shall forward a copy of all applications to ACD electronically within five days of when the assessor receives the application. ACD shall organize and store the 2023 Initial Applications electronically by county.
- D. New applications for property tax exemptions shall thereafter be filed with the County Assessor by May 1 of that assessment year. The County Assessor shall mark the application documenting the date of filing and assign the application a number. The number assigned to each application shall include the following in this order: the county's assigned Arkansas Courts efilng Number, EX, the last two digits of the year, and the sequential number of the particular application. For example, when Jefferson County receives its tenth application in 2024, the application shall be numbered 36EX-24-10. Failure to file an application by May 1 of the assessment year shall constitute a waiver of the exemption for that assessment year. Applications submitted after May 1 may be considered for the following assessment year. County Assessors shall transmit electronically to ACD all applications for exemptions within five days of when the assessor receives the application.
- E. A property owner granted an exemption after the Initial Application in 2023 need not reapply and the property shall thereafter continue to be exempt from taxation unless the property owner is otherwise notified by the County Assessor or ACD of the need to reapply as provided in these Rules. Either the County Assessor or ACD may, by written order directed to the property owner, order the property owner to reapply for an exemption. Failure of the property owner to reapply as so directed will result in waiver of the previously granted exemption. Reapplications for exemptions shall be treated the same as a new application, and the property owner must therein prove entitlement to an exemption under Arkansas law.
- F. An application filed with the County Assessor shall be in the form of the General Property Tax Exemption Application, **Appendix 1**, with all of the supporting documents required

therein. Applications received after the deadline provided herein are void, and the property shall be taxed pursuant to law for that year.

- G. Only the owner of property or duly authorized agent of the owner may apply for an exemption.
- H. A single property owner claiming exemptions for multiple parcels of property dedicated to a single, exempted use shall file one application listing all parcels dedicated to a single exempted use.
- I. In order to claim the exemption, the applicant shall prove in its application and accompanying documentation the applicant's entitlement to exemption beyond a reasonable doubt under Arkansas law.
- J. Upon receipt of a timely-filed application, the County Assessor shall as soon as possible but at least by August 1, (1) grant the exemption, (2) deny the exemption, (3) request additional information from the applicant, or (4) forward the application to ACD for determination of the application. The County Assessor shall advise the applicant of his or her determination in writing by mailing to the applicant a copy of application signed by the assessor indicating the assessor's determination of the application.
- K. A property owner denied an exemption by a County Assessor may petition ACD for review of the County Assessor's determination by petition pursuant to ACD Rules. Any county official, an incorporated town or city within the county, a school district within the county, or any other political unit of the State may petition ACD to review a County Assessor's granting of an application. ACD may of its own accord order review a County Assessor's determination of an application for tax exemption. An individual property owner may not petition ACD to review an exemption granted to another property owner.
 - 1. ACD review shall be obtained by filing with ACD the Assessment Coordination Division Review Petition, **Appendix 2**. The Petition must be filed with ACD by September 1, must be submitted electronically only, and must include a copy of the application signed by the Assessor and all accompanying documentation. ACD may initiate its own review of any tax exemption by filing the Petition.
 - 2. The ACD shall assign the Petition a case number, shall file-mark the Petition noting the date and time of filing, and shall thereafter mail a copy of the Petition to the County Assessor, the property owner, and the Petitioner.
 - 3. ACD designates its Deputy Director as its "Agent" with full power and authority in the administration of the tax laws of the State of Arkansas to review applications for tax exemptions and, with his or her staff, make a Report and Recommendation on the exemption applications to ACD. Ark. Code Ann. § 26-24-114-15.
 - 4. Pursuant to Ark. Code Ann. § 26-24-115, ACD, acting through its Director, shall thereafter either accept the Report and Recommendation of its Deputy Director based on the examination of all testimony and records contained in the Report and Recommendation or order an ACD adjudicative hearing on the application pursuant to Rule 2.04 of ACD Rules.
- L. ACD shall advise the County Assessor of its ruling by written order directed to the County Assessor with a copy to the applicant by November 30th. ACD's order shall be the final ruling on the application and binding upon the County Assessor, County Judges, county clerks, and County Collectors, who shall act in accordance therewith unless directed otherwise by a court of competent jurisdiction. Ark. Code Ann. § 26-24-105-06.
- M. Property owners granted an exemption from property taxation may be required to reapply for an exemption if directed to do so in writing by either the ACD or a County Assessor.

- N. Changes in Use. A property owner granted an exemption has a duty to notify the County Assessor for the county in which the property is located if and when the owner no longer qualifies for the exemption and when there is a change in the use of the exempt property.
1. As used herein, a “change in use” of the exempt property means a deviation in the use of the property from the use approved in a property owner’s application for exemption.
 2. Changes in use require reapplication for an exemption as provided in these Rules.
 3. Each assessor shall in addition by personal investigation and examination of persons, property and records investigate usage of exempt property pursuant to Ark. Code Ann. § 26-26-715.
 4. Each Assessor shall notify the ACD of any change in use of exempt property reported by a property owner or found through investigation and examination by the Assessor.

RULE 6.03: COUNTY ASSESSOR ROLLS & INVESTIGATIONS OF EXEMPT PROPERTIES

- A. The County Assessors shall maintain a list of all exempted property in his or her County pursuant to Ark. Code Ann. § 26-26-1001 and shall deliver a copy of the list to ACD by the first Monday in July.
- B. Each County Assessor has a duty to keep assessment records, appraisal and assessment data, current so that his or her records will at all times show the valuation of property in his or her county. Ark. Code Ann. § 26-26-302.
- C. Each Assessor should identify property within his or her County that is immune from taxation because it is owned by the federal or state government. Ark. Code Ann. § 26-26-703; Ark. Code Ann. § 26-26-704(b). Each immune parcel shall be included in the County’s abstract, and each County Assessor shall keep a list of immune parcels.
- D. Each assessor shall by personal inspection and examination of persons, property, or records gather and record in writing any and all available data and information bearing upon the location, number, amount, kind and value of any and all property and persons which he or she is by law required to assess. Ark. Code Ann. § 26-26-715.
- E. Each assessment report must account for all real property in the county; where real property is exempt from taxation, either under the Arkansas Constitution or because the property is owned by the state, the assessor shall note the exemption on the assessment roll with an explanation for the exemption. Ark. Code Ann. § 26-26-718.
- F. At the time of making the assessment of real property, each assessor shall make a list of real property in his or her county that is exempt from taxation. The list should identify the tract of land that are exempt, the uses thereof and by whom and how the property is held. Ark. Code Ann. § 26-26-1001.

RULE 6.04: ACD OVERSIGHT OF COUNTY COMPLIANCE

- A. ACD is vested with full power and authority in the administration of the State’s property tax laws and shall oversee County Assessors, County Judges, and other county officials to ensure compliance with these Rules and Arkansas law governing property tax exemptions. Ark. Code Ann. 26-24-104–06.
- B. Each of the County Assessors shall electronically transmit to ACD all Initial Applications for exemptions by June 1, 2023. Each of the County Assessors shall electronically transmit to

ACD all subsequent applications for exemptions by June 1 of that assessment year and shall notify ACD of any reapplications ordered by the County Assessor.

- C. ACD shall audit the Initial Applications granted by the Assessors and every subsequent application for compliance with Arkansas law and conduct any necessary investigations to ensure uniform and equal application of the State's tax laws. Ark. Code Ann. § 26-24-116.
- D. ACD shall deliver to the Governor and Legislative Council an Annual Report due June 15. The Report shall include, among other requirements in law, the number of properties exempt from taxation and the assessed value thereof. Ark. Code Ann. § 26-24-121.