

**UNDERSTANDING
the
2018 ASHLEY COUNTY
REAPPRAISAL PROJECT**

**by
Beth Rush
Ashley County Assessor**

**And
Ronnie Pack
Ashley County Appraisal Manager
ACT
(Arkansas CAMA Technology, Inc.)**

Notices of Change in Assessment letters are to be mailed to some Ashley County property owners on July 16, 2018. The letters are a result of the recently completed countywide reappraisal project that has been ongoing in Ashley County since January 2014. A comprehensive, countywide reappraisal is a complex and often times misunderstood endeavor. The purpose of a reappraisal is to ensure that property valuations, not only within Ashley County, but also among all Arkansas counties, are fair, equitable, and reflect current market values. We hope the following information will help the citizens of Ashley County better understand the current reappraisal project and the Arkansas property tax system.

When was our last reappraisal in Ashley County and why are we having to reappraise again so soon?

The last countywide reappraisal in Ashley County was completed in the fall of 2013. Act 1185 of 1999, perhaps the most significant piece of property tax legislation to ever be implemented, significantly changed the time periods between reappraisals in Arkansas. Among other things, Act 1185 requires that all Arkansas counties must reappraise a minimum of once every three years. Subsequent legislation amended the three year cycle and provided for a five, or three, year reappraisal cycle based upon the amount of growth in market value within a particular county. The primary purpose of Act 1185 was to avoid excessive increases in property taxes due to the long periods between reappraisal cycles and to ensure that all counties were reappraising properties in a similar fashion and on a related time schedule. Eleven (11) counties in Arkansas are scheduled to complete their current reappraisal project by the end of 2018.

What are the duties and responsibilities of the Ashley County Assessor and the Ashley County Board of Equalization?

The county assessor's duties are to discover, list and record a fair and equitable value on all taxable real and personal property within the county. Arkansas law requires that real estate assessments be based upon either the property's market value or upon its "use value". Market value is generally defined as the most probable price that a property would bring if exposed for sale in the open market and is an "arms-length" transaction between willing and knowledgeable sellers and buyers. In Arkansas, *bona fide* agricultural properties (pasture, crop and timber lands) are valued based upon the use of a particular parcel of land and the productive capability of the soils that make up that parcel of property. This use or productivity methodology of property valuation DOES NOT take into account prevailing sale prices of agricultural lands.

The Ashley County Board of Equalization is a five-member board. The members are all Ashley County citizens who have agreed to serve on the board. One member is selected by the school districts, one member is selected by the cities, the county judge selects one member and the county quorum court appoints two members. At least one of the two members appointed by the quorum court must be a licensed real estate appraiser or broker. County boards of equalization have two primary responsibilities:

- 1) review and equalize overall county assessments as assessed by the assessor; and
- 2) hear assessment appeals by property owners.

What role does the Arkansas Assessment Coordination Department (ACD) play in the property tax system in this State?

All counties in the State of Arkansas are required by law to appraise real estate, with the exception of *bona fide* agricultural lands, between 90 and 110 percent of a property's estimated market value. Lands determined as *bona fide* agricultural properties are appraised based upon the use of the land (e.g. pasture, crop and timber) and the productive capability of the particular soils that comprise the property. These lands ARE NOT appraised based upon the prevailing sales prices of other similar agricultural lands. The ACD has updated agricultural land values in Ashley County this year pursuant to Act 994 of 2007. This Act requires the ACD to annually revise agricultural land values in those counties being reappraised. Each county assessor is required to use the land values provided to them by the ACD.

The full assessed value of a property is determined by multiplying the appraised value of the property by 20 percent. Perhaps the most important mandate of the ACD is to ensure that assessment ratios in all of the 75 counties in Arkansas are within the range required by state law. Among other things, the ACD real estate audit consists of taking samples of actual real estate sales in a county and comparing those sale prices to the full assessed value levied on the property by the local assessor. When the results of the audit indicate an assessment ratio is outside compliance levels then a county must provide for more accurate real estate valuations in order to bring assessments in the county to an acceptable level. If the assessments are not corrected then county and school turn-back monies can be withheld by the State of Arkansas.

Who is ACT (Arkansas CAMA Technology, Inc.)?

ACT is a private real estate appraisal and assessment software development company that was formed in January 1992. ACT was hired by Ashley County to value all real estate within the county for assessment purposes. ACT has ten (10) offices located throughout the State and has grown to 66 full time employees. ACT, and/or its affiliated companies, has diversified its business by offering on-line real estate record access and geospatial related services through DataScout, LLC.

What is likely to happen as a result of the reappraisal?

An increase in your assessment historically has meant an increase in your property taxes. However, since the passage of Amendment 79 in November of 2000, an increased real estate assessment may not necessarily mean an increase in your property taxes. Act 142 of 2007 increased the annual property tax credit to up to \$350.00. If you have not certified your principal place of residence to the assessor you should promptly do so by applying at either the Hambur or Crossett Assessor's office. Besides the \$350.00 property tax credit the following limits on assessment increases after a reappraisal are now in effect:

- a) Assessments are "frozen" on the principal place of residence for those taxpayers 65+ years old and those taxpayers that are disabled.
- b) Assessments on the principal place of residence for other taxpayers can only increase a maximum of 5% annually until an assessment of 20% of the parcel's appraised value has been reached.
- c) Assessments on all other properties can only increase a maximum of 10% annually until an assessment of 20% of the parcel's appraised value has been reached.

It should be noted, however, that even though a property owner's assessment has been either "frozen" or "capped" by Amendment 79, any previously "non-assessed" property (new construction, additions, recently discovered, etc.) will be assessed at 20%.

Effective January 1, 2006, pursuant to Act 2284 of 2005, "when a person sells his or her property, the county assessor shall assess the real property at 20% of the appraised value at the next assessment date after the date of transfer". Assessment limitations as provided for in Amendment 79 will not apply to the property that was sold until the second assessment date after the date of the transfer.

Some properties in Ashley County will see an increase in their appraised value but many may possibly see a decrease. The percentage of increase or decrease will not be the same for each property. An increase, or a decrease, in your real estate appraisal is based upon what your property has been appraised for in the past as compared to the value that is recorded on your property as a result of the current reappraisal.

Property taxes in Arkansas are not due and payable until October of the year following the assessment. Thus, any change in the amount of your 2018 real estate taxes resulting from the current reappraisal will not be due for payment until October of 2019. Property owners can pay their 2018 real estate taxes beginning March 1, 2019.

Your 2018 property taxes will be determined by multiplying the millage rate in your taxing district by the 2018 taxable assessed value of your property LESS any property tax credits afforded by Amendment 79 and Act 142. However, property taxes can only be estimated at this time since millage rates are not certified by the taxing entities until later in the year.

When will I know about my new assessment and what I can do if I have questions about the value recorded for my property?

A "Notice of Change in Assessment" letter will be mailed on or prior to July 16, 2018 to the owners of each parcel of property that experiences an increase in its new appraised value resulting from the current reappraisal project. *A letter will not be mailed should the appraised value of a parcel decrease or remain the same.* Should you receive a letter you should review it carefully. This notice will list your parcel number, the owner of record, a brief legal description of the property, the previous and current estimated market, assessed and taxable values and how a property owner can schedule a hearing with the Ashley County Board of Equalization should they wish to appeal a valuation. The notice also contains other information helpful in understanding the process.

To determine if your 2018 appraised value, resulting from the reappraisal, is reasonable you should first attempt to decide what your property is currently worth by considering the answer to some of the following questions:

- How much have other properties similar to mine sold for in the past couple of years?
- How much did I pay for my property?
- Did I purchase my property at its "true" market value?
- How long ago did I purchase my property and how much did I spend to get it to its current condition?
- What would it cost to replace my house or commercial building today?
- Do any adverse conditions exist that may affect the value of my property?

If you do not know the answers to these questions local realtors, appraisers and bankers may be helpful. Also neighbors, friends and family members who have recently purchased or sold real estate could be a good source of information.

Appraisers employed by ACT will be available to help answer your questions. If you have any concerns about the value recorded for your property you are encouraged to call the appraisers at the telephone number listed on your notice. The notice sent to you will provide the time and dates available to call the appraisers.

Should you still have questions about your assessment after speaking with the appraisers you can make an appointment for a hearing with the Board of Equalization. This hearing can be scheduled by calling the Ashley County Clerk's Office at 870-853-2020. Please remember, the Board of Equalization cannot lower your property assessment simply because you think your taxes are too high. The Board can only adjust the value recorded for your property if there is a legitimate reason to do so. The members of the board will listen as you support the reasons as to why you think the appraised value of your property should be adjusted. Information that could help you make your case before the board could be data about the sale of property in your neighborhood, surveys, appraisals, listing information, photographs, income and expense statements, rental information, use of the property, etc.

Property owners in Arkansas can appeal their assessment each August. The last day to schedule a hearing with the Board to appeal your 2018 assessment will be August 20, 2018. If you desire a hearing with the Board do not let this date pass you by.