

## **MARK UP**

RULE 3.04

### **ADMINISTRATION OF APPRAISAL MANAGER EXAM**

The author of the appraisal manager exam will be responsible for administering the first examination, and the ACD shall be responsible for administering later editions. No fee shall be charged for the first taking of the examination. A fee of ~~\$100~~ will be charged for each subsequent taking of the examination.

*Adopted 10/01/99*

*Amended \_\_\_\_\_*

## **MARK UP**

### RULE 3.26

#### **DESIGN OF PROPERTY RECORD CARDS**

The basic design of property record cards by each class must be approved by ACD. The following entries are required (where applicable):

City and Rurban Cards:

Type of Card

Parcel Number

Ownership Record and Description

(Include property address when available)

Sales History

Appraisal Summary

Assessment Summary

Land Record and Computation of Land Value

(Lot size is recommended but not required. However, a breakdown of value per lot should be included)

Review Record

Number of Cards and Card Number

Sketch

All Applicable Data Collection and Valuation Fields

Inspected Date, Inspected By

Entered Date, Entered By

Revisited Date, Revisited By

Rural Cards:

Type of Card

Parcel Number

Ownership Record and Description

(Include property address when available)

Sales History

Appraisal Summary

Assessment Summary

Review Record

Land Record and Computation of Land Value

(Lot size and production capability pricing is required)

Review Record

Number of Cards and Card Number

Sketch

All Applicable Data Collection and Valuation Fields

Inspected Date, Inspected By

Entered Date, Entered By

Revisited Date, Revisited By

Commercial/Industrial Cards:  
Parcel Number  
Ownership Record and Description  
(Include property address when available)  
Sales History  
Appraisal Summary  
Assessment Summary  
Land Record and Computation of Land Value  
(Lot size and value per lot is required.)  
Review Record  
Number of Cards and Card Number  
Sketch  
Property Description  
Structural Elements  
All Applicable Data Collection and Valuation Fields  
Inspected Date, Inspected By  
Entered Date, Entered By  
Revisited Date, Revisited By

Inspected Date refers to the date of initial on-site verification of property characteristics as a part of reappraisal progress, except when a method of technology is allowed by the ACD Rules and Regulations and approved by the county and ACD as a substitute for any on-site inspection tasks. In those cases, procedures and inspection/revisited fields must be clearly defined in the original plan or contract or in an addendum to the original plan or contract. If the date of office analysis is allowed as the inspection date in conjunction with digital imagery, the imagery date must also be available. ~~Any method used for inspection must satisfy qualified appraiser requirements and the ACD definition of thorough visual review.~~ Inspection dates should not change as a result of revisits during the same reappraisal cycle, including return trips for further review or maintenance work. Those dates should be recorded as revisited dates.

Inspected By refers to the appraiser who did the initial on-site verification of property characteristics as a part of reappraisal progress, or the appraiser who did the inspection tasks using approved technology, and it is usually represented by initials or a code. When an appraiser in training or otherwise unqualified in some aspect of data collection is accompanied or followed-up by the qualified appraiser, the less qualified appraiser's initials will appear in the Inspected By field and the qualified appraiser's initials will appear in the Revisited By field.

Entered Date refers to the date of data entry resulting from data collection on the reappraisal inspection date.

Entered By refers to the initials or code of the person who did the data entry needed as a result of data collection on the reappraisal inspection date.

Entered Date/Entered By shall not change with subsequent data entry during the

reappraisal.

Revisited Date refers to the date physical characteristics of a property were revisited onsite or by using approved technology.

Revisited By refers to the initials or code of an appraiser who revisited the physical characteristics of a property on-site or by using approved technology.

Additional fields may be used to suit the particular needs of a county, but they must not be used as substitutes for the above required fields.

In addition to the above entry requirements on the property record card, the changed date and changed by code or initials must be available on the computer for all changes made to existing property information.

The deadline for implementation of the above terms and definitions in each county is at the start of the first new reappraisal in that county beginning on January 1, 2009 or thereafter.

*Adopted 10/01/99*  
*Amended 12/20/00*  
*Amended 3/03/02*  
*Amended 9/25/08*

*Amended \_\_\_\_\_*

## **MARK UP**

RULE 3.46

### **SPECIAL NEEDS**

~~Each county will be allowed to submit a request for “special needs” funding to pay for extraordinary mapping needs, computer updates, etc., along with the county’s reappraisal plan. After funding for reappraisals has been allocated, these special needs requests will be considered by the ACD.~~

*Adopted 10/01/99*

*Repealed \_\_\_\_\_*

## **MARK UP**

RULE 3.49

### **MAXIMUM FUNDING FOR APPRAISALS OF NEW CONSTRUCTION**

~~In those counties where only new construction will be appraised in 2000 or 2001, reasonable costs for that appraisal work, as determined by the ACD, whether conducted inhouse or by an appraisal firm, will be eligible for reimbursement. Those appraisal expenses will be reviewed on a county by county basis.~~

*Adopted 10/01/99*

*Repealed \_\_\_\_\_*

## **MARK UP**

RULE 4.04.1a

### **PURPOSE, AUTHORITY, AND OBJECTIVE OF RATIO STUDY RULES**

1. Purpose: The purpose of these rules is to ensure that real property in Arkansas is appraised accurately and uniformly in accordance with constitutional and statutory requirements, most notably A.C.A. 26-26-1902 and A.C.A. 26-26-304(e)(1).
2. Authority: A.C.A 26-26-304 directs the Arkansas Assessment Coordination Department (ACD) to prepare a ratio study by classification for each county and school district in valuation years. These rules set forth the procedures ACD will follow in conducting these studies for properties appraised on a market value standard and the requirements of counties and contractors in assisting ACD in effective completion of such studies. References to “counties” in these rules include contractors or vendors who work for or assist counties in the revaluation and assessment process.
3. IAAO Standards: A.C.A 26-26-304(a)(3) directs ACD to use generally accepted valuation procedures and techniques found in the International Association of Assessing Officers’ (IAAO) standards on ratio studies. As a general matter, both the assessors and ACD should follow IAAO standards in preparing sales for the ratio study and in conducting such studies. These rules are intended to provide specific guidance and requirements for conducting ratio studies in Arkansas consistent with IAAO standards. However, where there may be differences or discrepancies between these rules and IAAO standards, these rules shall control.
4. Property type: Property values must be uniform among and within major property types. The ACD’s ratio study of real properties appraised on a market value standard shall utilize the following three major types or classes of property (1) residential properties including multi-family properties with four units or less, (2) vacant land regardless of zoning or probable use, and (3) commercial and industrial properties including multi-family properties with five or more units.
5. Market areas: Property values must be uniform across and within major geographic divisions of a county. Each county shall define major geographic areas, termed “market areas”. Each market area shall contain between 1,000 and 20,000 parcels, depending on value patterns and the economic diversity of the county. Market areas can be viewed as groups of neighborhoods in the same geographic area or areas that share similar economic characteristics and price ranges. Smaller or economically homogeneous counties may have a single market area.
6. Technology: The ratio study shall be performed efficiently using modern data processing technology. Counties must submit data to the Department in electronic format in standard formats provided by the Department.

## RULE 4.04.1b

### **RATIO STUDY REQUIRED DATES**

1. January 31: By January 31 of each year all counties shall submit to ACD an electronic file of all real property appraised (this file will be referred to as the ACD Extract report). ~~For counties with 50,000 or more parcels, t~~This file shall include all deeds of vacant and residential parcels for the prior calendar year and all deeds of commercial and industrial properties for the prior two calendar years. ~~For all other counties the submission shall include all vacant and residential deeds for the prior two calendar years and all deeds of commercial and industrial properties for the prior three calendar years.~~ The file shall include the following items for each deed:

- Parcel number.
- Property type code - the primary use code of the property.
- Market area code.
- Neighborhood code - actual neighborhood used in location analysis.
- The current land, building, and total appraised values of the property before consideration of value caps, partial exemptions, etc.
- The previous land, building, and total appraised values of the property before consideration of value caps, partial exemptions, etc.
- The sale date, sale price (with any adjustments to the price noted in the Sales/Ratio comments), sale type (vacant or improved), deed type, deed book, deed page, grantor, grantee, and sales validation code.
- Sales/Ratio related comments – comments for sales validation and/or adjustments to sales price (i.e. personal property, financing, etc.).
- Tax/School District.
- Subdivision name or Section, Township, and Range for unplatted parcels.
- The land size and primary unit of measurement (lot, acres, square feet, etc.).
- Location Factor.
- The occupancy type code, total living area, construction grade, grade adjustment factor, year built (if available), effective age, and remaining economic life of the primary building in the case of residential properties.
- The occupancy type code, gross building area, Marshall & Swift construction class code (A, B, C, D, or S), building quality code, quality adjustment factor, year built (if available), effective age, and remaining economic life of the primary building in the case of commercial and industrial properties.
- The current total appraised value for any newly discovered property.
- Homestead credit code.
- The current total taxable assessed value of the property.
- Total number of property record cards associated with parcel.

The file shall contain one row per deed and must be in a format that is directly compatible with Excel. The template and exact order of items for this file will be determined by ACD so that report is standardized regardless of CAMA provider.

In addition to the above mentioned file each county must submit in electronic format the following codes with descriptions: Deed types, Property types, and Sales Validation codes.

2. March 1: By March 1 ACD shall prepare a preliminary ratio study for each revaluation county that sets forth the level and uniformity of assessments in the county based on existing assessed values. Sales used in the study will not be adjusted for time.

3. April 1: By April 1 ACD will determine appropriate time adjustment factors for each county for each of the three major property classifications described in 4.04.1a.(4) based on sales submitted by the county and provide the results to the county.

4. June 1: By June 1 counties must notify the ACD of any disagreements with its time adjustment factors and submit any requested changes or modifications to the adjustments. (See also 4.04.1d.1 and 4.04.1d.2)

5. July 1: By July 1 counties conducting revaluations shall submit to ACD an electronic file of all real property appraised (this file will be referred to as the ACD Extract report). ~~For counties with 50,000 or more parcels, t~~This file shall include all deeds of vacant and residential parcels for the prior calendar year and all deeds of commercial and industrial properties for the prior two calendar years. ~~For all other counties the submission shall include all vacant and residential deeds for the prior two calendar years and all deeds of commercial and industrial properties for the prior three calendar years.~~ The file shall include the following items for each deed:

- Parcel number.
- Property type code - the primary use code of the property.
- Market area code.
- Neighborhood code - actual neighborhood used in location analysis.
- The current land, building, and total appraised values of the property before consideration of value caps, partial exemptions, etc.
- The previous land, building, and total appraised values of the property before consideration of value caps, partial exemptions, etc.
- The sale date, sale price (with any adjustments to the price noted in the Sales/Ratio comments), sale type (vacant or improved), deed type, deed book, deed page, grantor, grantee, and sales validation code.
- Sales/Ratio related comments – comments for sales validation and/or adjustments to sales price (i.e. personal property, financing, etc.).
- Tax/School District.
- Subdivision name or Section, Township, and Range for unplatted parcels.
- The land size and primary unit of measurement (lot, acres, square feet, etc.).
- Location Factor.
- The occupancy type code, total living area, construction grade, grade adjustment factor, year built (if available), effective age, and remaining economic life of the primary building in the case of residential properties.

- The occupancy type code, gross building area, Marshall & Swift construction class code (A, B, C, D, or S), building quality code, quality adjustment factor, year built (if available), effective age, and remaining economic life of the primary building in the case of commercial and industrial properties.
- The current total appraised value for any newly discovered property.
- Homestead credit code.
- The current total taxable assessed value of the property.
- Total number of property record cards associated with parcel.

The file shall contain one row per deed and must be in a format that is directly compatible with Excel. The template and exact order of items for this file will be determined by ACD so that report is standardized regardless of CAMA provider.

In addition to the above mentioned file each county will submit in electronic format the following codes with descriptions: Deed types, Property types, and Sales Validation codes.

6. September 15: By September 15 ACD shall prepare a final ratio study for each evaluation county setting forth the level and uniformity of assessments in the county for the revaluation year.

*Adopted as corrected 10/14/2008  
 Amended by emergency procedure 06/12/09  
 Amended by permanent procedure 04/26/10  
 Amended by emergency procedure 01/31/14*

*Amended by permanent procedure \_\_\_\_\_*

**RULE 4.04.1c  
 SALES USED IN RATIO STUDIES**

1. Sales time frame: In counties with at least 50,000 real property parcels, the ratio study will use *one* year of sales for vacant and residential properties and *two* years of sales for commercial and industrial properties. For all other counties the study will use *two* years of sales for vacant and residential properties and *three* years of sales for commercial and industrial properties.

2. Audit of county submissions: The ACD will compare county sales submissions against records maintained by county recorders to ensure that all warranty deeds have been timely submitted.

3a. Sales validation codes: Counties shall assign one of the following validation codes to each sale to be included on all sales submitted to ACD.

- 00    UV    ~~Un-validated~~ Unverified sale
- 01    VS    Valid sale

- 02 GO Sale to or from a government agency
- 03 CH Sale to or from a charitable, religious, or educational institution
- 04 FI Sale in which a financial institution is the buyer in lieu of foreclosure, or in which a financial institution is the seller and the property is not exposed to the open market
- 05 RL Sale between related parties (Ex. Family transaction, employer/employee transaction, inter-company transaction)
- 06 CV Sale of convenience, e.g., to correct a title defect or create a joint tenancy
- 07 ES Sale settling an estate
- 08 FS Forced sale – seller is sheriff, receiver, or court officer
- 09 DT Sale of doubtful title
- 10 TR Sale involving a trade
- 11 PI Sale of a partial interest in the property
- 12 CT Sale involving a land contract (including payoff of the contract)
- 13 CS Significant improvement (e.g., room addition or renovation) to a property between sale date and assessment date
- 14 AS Assemblage sale – purchase of an adjoining property at a premium price
- 15 MU Sales that **fail** to constitute an economic unit of multiple properties (includes bulk sales of properties to a developer or builder)
- 16 PP Sale involving personal property of significant but undeterminable value (see discussion in 4.04.1d.3)
- 17 OF Sale involving non-market financing or other non-real estate considerations of significant but undeterminable value (see discussion in 4.04.1d.4)
- 18 FD Future Development/Sale includes new dwelling to be assessed
- 19 MH Sale includes mobile home

20 AL Land priced as AG, not priced at market value

3b. Information codes considered valid sales:

25 VA Primary parcel of a group of parcels that have sold

26 AP Additional parcels that are linked to the primary parcel

4. Audit of county validation codes: The ACD will audit a random sample of 60 sales submitted by each revaluation county to ensure that validation codes have been correctly assigned, including 20 residential sales, 20 commercial sales, and 20 vacant sales if available. The ACD shall share its audit findings with the county and the county shall have an opportunity to dispute its findings. If the ACD determines that more than 10% of sampled vacant, residential, or commercial/industrial sales are incorrectly coded, it shall not use validation codes submitted by the county for that property class, but rather shall use electronic edits, select and validate a random sample of sales, or take other measures deemed appropriate to ensure a valid study.

5. Sales valid for study: The ACD shall use sales coded as 01 (VS), and 00 (UV), 25 (VA) and 26 (AP) in its ratio studies. If there is a disagreement between a county and the ACD as to the proper validation code for a sale, the ACD shall use the code it considers most appropriate. ~~Both~~ The 01 (VS), and 00 (UV), 25 (VA) and 26 (AP) sales shall be subject to electronic edits (see 3.11).

6. ~~Use of most recent sale~~ Multiple sales of the same property: If more than one valid sale occurs for a property during the time frame of the study, ~~only the most recent sale~~ all sales considered valid shall be used in the study.

7. Multiple parcel sales: Sales of multiple parcels that constitute a single economic unit should be included in the study by summing the assessments and comparing the total assessed value with the sale price. Such sales should be screened in the same manner as individual parcel sales to determine whether they are legitimate representations of market value.

8. New construction sales: To help ensure that vacant land sales are not compared with assessments that reflect recent improvements and to prevent the study from being disproportionately influenced by new construction, sales involving new construction (e.g., as indicated by the year built) shall not be used in the ratio study.

9. Low-value properties: The lowest 10% of residential assessed values and the lowest 10% of commercial/industrial assessed values shall be excluded from the study. The lowest 10% of vacant land assessed values or all vacant land assessed values less than or equal to \$400 (\$2000 full value), whichever is higher, shall be excluded from the study. These properties will be removed prior to conducting electronic edits.

10. High-value commercial properties: Any property that constitutes more than 5% of the total assessed value of commercial and industrial properties in a county will be excluded from the study. These properties will be removed prior to electronic edits.

11. Electronic edits: The ACD may conduct statistical-based edits to filter properties with atypical features, sales prices, or assessment-to-sale ratios from the study. Not more than approximately 5% of sales shall be filtered from the study based on ratio alone.

12. Appraisals: In order to achieve adequate sample size and representativeness for commercial and industrial properties, the ACD may appraise a random sample of such properties. All three approaches to value shall be considered. The approach emphasized in a particular appraisal shall be appropriate for the type of property in question. The assessor and appraisal contractor shall be afforded an opportunity to review the appraisals and to submit information supporting different value conclusions. Conflicts will be resolved by an independent third party review if different value conclusions will materially affect the outcome of the study. The appraisal will serve as surrogate commercial/industrial sales in the study. The ACD will not conduct appraisals of vacant or residential properties.

*Adopted as corrected 10/14/2008*

*Amended by emergency procedure 06/12/09*

*Amended by permanent procedure 04/26/10*

*Amended \_\_\_\_\_*

#### RULE 4.04.1d

### **ADJUSTMENT OF SALES FOR RATIO STUDIES**

1. Time adjustments: All sales used in the ratio study shall be adjusted for time as necessary to January 1 of the assessment year. The ACD shall conduct time analysis studies using the techniques set forth in the IAAO *Standard on Ratio Studies* and the IAAO textbook, *Mass Appraisal of Real Property (1999)*. Counties may submit documented time adjustments to ACD, which ACD may rely on if it finds that the adjustments are based on sound methodology and adequately reflect the market. The ACD shall have authority to determine final time adjustments used in its ratio studies.

2. Time adjustment categories: The ACD will conduct time adjustment analyses for residential properties, vacant properties, and commercial/industrial properties. For purposes of these analyses, it may combine properties of the same type in counties that are similar in terms of their economic base and geographic location.

3. Personal property adjustments: If a sale includes personal property of significant value and the value of the personal property can be determined with reasonable accuracy, the value of the personal property shall be subtracted from the sale price and the adjusted price used in the study. If the value of the personal property appears to be 5% or more of the sale price but its value cannot be determined with

reasonable accuracy, or if the value appears to exceed 25% of the price, the sale shall be excluded.

4. Other adjustments: Counties may also make adjustments to sales prices for cash equivalency, assumed leases, and other non-real estate considerations that significantly affect the price paid for a property. The basis for these adjustments must be documented and available for inspection by ACD. As a general principle, sales that require difficult or subjective adjustments should be excluded from the study (assign validation code 17 or 'OFF').

RULE 4.04.1e

#### **COMPLIANCE WITH RATIO STUDIES STANDARDS REQUIRED**

1. Level of compliance: Counties conducting a revaluation must comply with ratio study standards for real property appraised on a market value basis both on an overall basis and for each of the following three major property type strata: (1) residential, (2) vacant land, and (3) commercial and industrial. In addition, ratio study standards must be achieved for residential properties and vacant land within each market area. ~~No county will be bound by this rule, for the market area provision only, on its first ratio study after passage of this rule.~~

2. Overall level of assessment: The overall level of assessment must be from .18 to .22. The overall level of assessment shall be computed as a weighted average of the median ratio determined for each of the three major classes: residential, vacant, and commercial/industrial. The weight assigned to each major class shall be proportionate to the estimated market value of the class. Any property that constitutes more than 5% of the assessed value of its class shall be omitted for purposes of the calculation.

3. Level of assessment of class: The level of assessment for each major class (residential, vacant, and commercial/industrial) must be from 18% to 22%. ACD shall conclude that a county has failed this requirement if statistical analysis reveals with 95% confidence that the true median assessment level is below 18% or above 22% (or equivalently that a 90% confidence interval for the median falls entirely below 18% or entirely above 22%).

4. Level of assessment of market area: The level of assessment for residential properties and vacant land within each market area of a county must be from 18% to 22%. ACD shall conclude that a county has failed this requirement if statistical analysis reveals with 95% confidence that the true median assessment level is below 18% or above 22% (or equivalently that a 90% confidence interval for the median falls entirely below 18% or entirely above 22%).

~~No county will be bound by this rule on its first ratio study after passage of this rule.~~

5. Uniformity of assessment: The coefficient of dispersion (COD) must meet the

standards shown below. The ACD shall conclude that these standards are not met when a statistical analysis reveals with 95% confidence that the true COD is greater than the required COD. The procedure outlined in Robert J. Gloudemans, "Confidence Intervals for the COD: Limitations and Solutions", *Assessment Journal* (IAAO, November/December 2001) will be used for this purpose.

- Residential property: The COD must be 15.0 or less in market areas located in counties with 50,000 or more parcels with a median year built of 1960 or greater and a median sale price of \$60,000 or more. Other residential CODs must be and 20.0 or less in market areas located in counties with less than 50,000 parcels.
- Vacant land: The CODs must be ~~25.0~~ 20.0 or less in ~~each~~ market areas located in counties with 50,000 or more parcels and 25.0 or less in market areas located in counties with less than 50,000 parcels.
- Commercial property: The COD must be 20.0 or less in counties with 50,000 or more parcels and 25.0 or less in smaller counties.

As experience is gained, the ACD may tighten these standards so that they are closer to or equivalent with IAAO standards for the COD.

~~No county will be bound by this rule, for the market area provision only, on its first ratio study after passage of this rule.~~

6. Failure to comply: If a county fails to meet the level or uniformity standards set forth in 2 through 5 above, the ACD shall promptly notify the county assessor, the appraisal manager, the Board of Equalization, and the county judge of the out of compliance status and withholding of funding, and shall invoke the corrective actions outlined in A.C.A. 26-26-304(f).

7. Selective appraisal of sold properties: The ACD shall vigilantly monitor whether counties are appraising unsold properties in the same manner as sold properties. Such tests shall include but not be limited to a comparison of percentage changes in value for sold and unsold properties of the same property type in the same market area (excluding new parcels and parcels with new construction). The ACD may also employ other tests of selective appraisal outlined in IAAO ratio study standards and the IAAO textbook, *Mass Appraisal of Real Property* (1999). If the ACD determines that a county is not appraising unsold properties in a property type, market area, or other property stratum in the same manner as sold properties, the ACD shall deem that the county has failed that portion of the ratio study and its responsibility to appraise properties uniformly at market value. ACD shall invoke the corrective actions outlined in A.C.A. 26-26-304(f).

RULE 4.04.1f

**APPEAL OF RESULTS OF RATIO STUDY FINDINGS**

1. Appeals to ACD Director: A.C.A. 26-26-304(g) provides that a county that is aggrieved at the findings of the ratio study may appeal the results to the Director of ACD and have the right to examine ACD's records.
2. Openness: The ACD shall provide the results of its statistical analyses to counties and, upon request, shall provide the underlying data and statistical algorithms used in its calculations.
3. Further appeal: At their option, counties may pursue other avenues of appeal of the findings of the Department as provided by the laws and courts of the State of Arkansas.

RULE 4.04.1g

**OTHER COMPONENTS OF RATIO STUDY**

**A. AGRICULTURAL LAND CLASSIFICATION**

**1. METHOD OF CONDUCTING AGRICULTURAL LAND CLASSIFICATION**

In conducting this component of the ratio study, the Arkansas Assessment Coordination Department shall use generally accepted valuation procedures, statistical compilation, and analysis techniques found in the International Association of Assessing Officers standards on ratio studies. (See *Standard on Ratio Studies*, approved July 1990, International Association of Assessing Officers or the current edition of same, hereafter referred to as "SORS", which incorporates selected chapters and appendices of the *Property Appraisal and Assessment Administration*, published by the International Association of Assessing Officers, 1990 edition or current edition, hereafter referred to as "PAAA").

a. DEFINITION OF TERMS: Terms used in connection with the ratio study on market value real property shall be as defined in ~~Section 14~~, "SORS" and "PAAA"

b. The ratio study on agriculture land shall be based on a physical examination of the records of each assessor's office to determine the degree of compliance with the criteria established in the Assessment Coordination Department Agricultural Land Values Publication.

**2. METHOD OF DETERMINING AGRICULTURAL LAND SAMPLES**

The Field Auditor will select 100 random samples. Sales are not used. The appropriate number of random samples shall be divided in accordance with the proportion of agricultural parcels per school district. Any prospective sample to be excluded shall be recorded and validity of the exclusion must be documented.

### **3. SELECTION OF SAMPLES**

Agricultural samples will normally be worked between January 1<sup>st</sup> and April 19<sup>th</sup> of the valuation year, but they may be worked earlier or later depending on when the county or contractor has completed soil coding. By rule 50% of soil coding must be complete by April 19<sup>th</sup> of the valuation year. Selected samples are used for both the ratio study and for a performance audit. The Field Auditor will determine during the valuation audit if the proper schedule of agricultural values established by the ACD has been adopted.

### **4. PROCEDURE**

In July of each year the ACD will perform a ratio study to determine whether the county has followed guidelines for the valuation of agricultural land in compliance with Arkansas code 26-26-407. The following is the procedure used by ACD in determining each county's Agricultural Land ratio:

a. Publications by the Assessment Coordination Department containing the Agricultural Land Value Tables for the Southwest, Delta, Ozark and Ouachita regions of Arkansas shall be used to determine land values for agricultural land. The tables represent the Land Capability Classification System, as designated by the U.S. Department of Agriculture's Natural Resource and Conservation Service (NRCS). There are *three* categories of agricultural land consisting of Crop, Pasture, and Timber, each with a value representing the productivity of the eighteen soil classes, if applicable (represented by an *ACD NUMBER*). This is in compliance with Arkansas code 26-26-407.

b. For each sample, a ratio is computed using the county's assessed value and the total parcel value calculated by the ACD Field Auditor.

c. To determine the county assessment ratio on agricultural land of the samples being used, totals are calculated of the county's assessments and of the total land values as determined by the ACD Field Auditors. The total assessment is then divided by the ACD total land values, and that total is multiplied times 100 to establish the percent ratio for the county.

d. Field Auditors will discuss their findings regarding irregularities in agricultural land with the Assessor prior to August 1.

### **B. BUSINESS PERSONAL CLASSIFICATION**

#### **1. EXAMINATION OF RECORDS**

This component of the ratio study shall be based on a physical examination of the current year's records of each assessor's office to determine the degree of

compliance with the criteria established in the Commercial Personal Property Appraisal Manual published by the Arkansas Assessment Coordination Department Standard on Valuation of Personal Property published by the International Association of Assessing Officers (IAAO).

When the fieldwork commences for the current year, instructions as to the number of business personal commercial samples shall be provided.

## **2. METHOD OF DETERMINING NUMBER AND LOCATION OF SAMPLES**

The minimum sample size for each county shall be determined by the population of the county as reflected in the latest final census figures and the number of businesses therein. Those counties with populations: of 29,999 and below shall have 20 samples; of 30,000 through 69,999 shall have 40 samples; of 70,000 through 199,999 shall have 50 samples and of 200,000 and above shall have 90 samples.

## **3. SELECTION OF SAMPLES**

After determining the total business personal parcels in the county, the number of samples needed shall be divided into that figure to set the selection interval; however, if a business tentatively selected by this method results in a sample that does not fit into a category recognized in the square foot section of Commercial Personal Property Appraisal Manual, then the next business shall be selected.

## **4. PROCEDURE**

a. When the Commercial Personal Property Sample Form has been completed on all of the businesses selected for use in the study, the Field Auditor shall go to the business site, compute the square footage, and grade the inventory and the furniture and fixtures as to density and quality.

b. In ~~July~~ August the Field Auditor shall return to each county, after the county has completed its personal property assessments for the current year, and complete the Commercial Personal Property Takeoff Form.

## **5. RATIO COMPUTATION**

a. If the county has been provided a good rendition by the business which included a fixed assets' listing and applied the ACD's suggested depreciation schedule to those assets, the County shall automatically receive a twenty percent on those fixed assets and the inventory; if not, the proper assessment shall be computed by the square foot method described in the manual.

b. A comparison of the actual assessed value and the value computed by the Field Auditor produces the ratio.

c. The ratios for all of the businesses are then ranked and the median ratio is determined by county, by school district and by cities in that county. This results in the Current Year Commercial Personal Property Median Ratio.

## **C. AUTO/OTHER CLASSIFICATION**

This component of the ratio study shall be based on a physical examination of the current year's records of each assessor's office to determine the degree of compliance with the criteria established in the ~~current year edition of the Personal Property Assessment Manual published by the Arkansas Assessment Coordination Department~~ Standard on Valuation of Personal Property published by the International Association of Assessing Officers (IAAO).

### **1. METHOD OF DETERMINING NUMBER AND LOCATION OF SAMPLES**

The minimum sample size for each county size shall be determined by the population of the county as reflected in the latest final census figures and the number of businesses therein. Those counties with populations: of 29,999 and below shall have 40 samples; of 30,000 to 69,999 shall have 70 samples; 70,000 to 199,999 shall have 100 samples and of 200,000 and above shall have 180 samples.

### **2. SELECTION OF SAMPLES**

The Field Auditor shall be instructed to get random samples of automobiles from the current year through the last fifteen years and of trucks from the current year through the last fourteen years. Only one vehicle shall be taken from each assessment.

### **3. PROCEDURE**

~~Since there is no consistent method of filing assessments containing automobiles, i.e., some being filed alphabetically by school district, some alphabetically by county and in many instances, the computer is available for us; samples shall be selected randomly by the Field Auditor who notes the method chosen.~~ In August the Field Auditor shall return to each county, after the county has completed its personal property assessments for the current year, and complete the Personal Property Takeoff Form.

### **4. RATIO COMPUTATION**

A comparison of the actual assessed value and the value computed utilizing the manual by the Field Auditor produces the ratio by county, by school districts and by cities in that County.

### **5. FORMULAS UTILIZED AND TESTS CONDUCTED**

a. *Median* (See ~~section 7.3.4 Standard on Ratio Studies~~, approved July 1999, International Association of Assessing Officers or current edition)

b. *Coefficient of Dispersion* (See ~~section 7.4.2 Standard on Ratio Studies~~, 1999, International Association of Assessing Officers or current edition)

c. Not required, but also computed:

i. *Mean* (See ~~section 7.3.2~~ *Standard on Ratio Studies*, approved July 1999, Association of Assessing Officers or corresponding provisions contained in any superseding edition of same)

ii. *Average Absolute Deviation* (~~Chapter 20, Page 532-534,~~ *Property Appraisal and Assessment Administration*, published by the International Association of Assessing Officers, 1990 edition or current edition)

iii. *Coefficient of Concentration*:

a) Of the samples that are used, the percentage of observations which are within plus or minus ten percent of the legal ratio of twenty percent.

b) Of the samples that are used, the percentage of observations which are within plus or minus ten percent of the median ratio.

iv. *Weighted Mean* (See ~~section 7.3.3~~ *Standard on Ratio Studies*, approved July 1999, International Association of Assessing Officers or current edition)

v. *Standard Deviation* (~~Chapter 20, Page 535,536,~~ *Property Appraisal and Assessment Administration*, published by the International Association of Assessing Officers, 1990 edition or current edition)

vi. *Price-Related Differential* (See ~~section 7.6~~ *Standard on Ratio Studies*, approved July 1999, International Association of Assessing Officers or current edition)

vii. *Coefficient of Variation* (See ~~section 7.4.2~~ *Standard on Ratio Studies*, approved July 1999, International Association of Assessing Officers or current edition - to select sample sizes)

## 6. DEFINITION OF TERMS

Terms used in connection with the ratio study on market value real property shall be as defined in ~~Section 14,~~ "SORS" and "PAAA".

Adopted 10/01/99

Amended 12/20/00

Amended 07/05/04

Amended 12/20/06

Amended 4/26/10

Amended \_\_\_\_\_

## **MARK UP**

RULE 5.02

### **UNIFORM REPORTING OF DELINQUENT TAXES**

If not included in the above Abstract of Assessments as defined in rule ~~6~~5.01, the following items relating to real property assessments shall be added:

Previous year delinquent real estate assessments

If included in the above Abstract of Assessments as defined in rule ~~6~~5.01, the following items relating to real property assessments shall be **deleted**:

Delinquent assessment certified to the State of Arkansas Office of Commissioner of State Lands (two year delinquent).

*Adopted and implemented 6/16/06 by emergency procedure*

*Amended 12/20/06*

*Amended \_\_\_\_\_*

# MARK UP

## RULE 5.03

### UNIFORM REPORTING OF COUNTY TAX SETTLEMENTS

STATUTORY AUTHORITY ACA 26-26-2001

~~On or before February 15 the Preparer of the Tax Books shall provide to the Assessment Coordination Department:~~

- ~~1. A copy of the final tax settlement filed with and approved by the County Court on or before December 31 of the previous year.~~
- ~~2. Delinquent personal tax collected in the previous calendar year as reflected on the County Clerks monthly distributions to the taxing districts;~~
- ~~3. Delinquent real estate taxes collected in the previous calendar year as reflected on the in the County Clerks monthly distributions to the taxing districts. The monthly distribution information provided shall be for January through December collections, regardless of actual distribution date.~~
- ~~4. Delinquent real estate taxes distributed in the previous calendar year by the County Treasurer from real estate taxes collected by the State of Arkansas Office of the Commissioner of State Lands;~~
- ~~5. Homestead taxes received by the State of Arkansas distributed in the previous calendar year to the taxing districts by the County Treasurer;~~
- ~~6. Interest earned on funds by the County Tax Collector and or County Treasurer for the previous calendar year that were distributed to the taxing districts;~~
- ~~7. The net County Treasurer's commission allocated to the taxing districts for the previous calendar year;~~
- ~~8. The County Tax Collector's excess commission for the previous year that was distributed to the taxing districts.~~
- ~~9. The preparer of the tax book shall use the template provided in ACD Rule 5.02 P-1 for reporting purposes.~~

*Adopted and implemented 6/16/06 by emergency procedure  
Amended 12/20/06*

*Repealed \_\_\_\_\_*

## **MARK-UP**

### RULE 5.04

#### **RESPONSIBILITIES OF THOSE PROVIDING INFORMATION**

The County Assessor, County Collector of Taxes, the County Clerk, the County Treasurer, and any other county official having possession of the information specified in Rules 5.01 and 5.02 shall turn such information over to the Preparer of the Tax Book at least 14 days prior to the deadlines specified in Rule 5.01. The county official providing the information shall be solely responsible for its accuracy. The Preparer of the Tax Book shall be responsible only for the accuracy of information generated solely by him or her and not that which was compiled from the information provided by others.

*Adopted 12/20/06*

*Amended* \_\_\_\_\_

## **MARK UP**

### **APPENDIX ASSESSMENT COORDINATION DEPARTMENT VALUATION GUIDES AND FORMS**

#### **VALUATION GUIDES**

ARKANSAS ASSESSORS' REAL ESTATE COST MANUAL  
ACT 153 of 1955 as Amended

ARKANSAS COMMERCIAL PERSONAL PROPERTY MANUAL  
ACT 153 of 1955 as Amended

ARKANSAS PERSONAL PROPERTY MANUAL  
ACT 153 of 1955 as Amended

ARKANSAS AGRICULTURAL LAND, PASTURE LAND AND TIMBER LAND  
GUIDELINE PUBLICATION  
Act 153 of 1955 as Amended

*Adopted 10/01/99*

#### **FORMS**

##### **FOR USE BY ASSESSORS OR REAPPRAISAL FIRMS:**

A-1. COMMERCIAL/INDUSTRIAL REAL ESTATE RECORD CARD

A-2. RESIDENTIAL REAL ESTATE RECORD CARD

A-3. RURBAN REAL ESTATE RECORD CARD

A-4. RURAL REAL ESTATE RECORD CARD

A-5. MANUFACTURERS' INVENTORY REPORT

A-6. COMMERCIAL PERSONAL PROPERTY ASSESSMENT FORM  
COMMERCIAL PERSONAL PROPERTY ASSESSMENT INFORMATION

A-7a. ASSESSOR'S ABSTRACT (A.C.A. 26-26-304)

A-7b. ASSESSOR'S FINAL ABSTRACT (A.C.A. 26-26-304)

A-8. SUMMARY REPORT OF COUNTY ASSESSMENTS

A-9a. IN-HOUSE COUNTYWIDE THREE-YEAR REAPPRAISAL PLAN

~~A-9b. IN-HOUSE COUNTYWIDE FIVE-YEAR REAPPRAISAL PLAN~~

A-10a. CONTRACTED COUNTYWIDE THREE-YEAR REAPPRAISAL PLAN

~~A-10b. CONTRACTED COUNTYWIDE FIVE-YEAR REAPPRAISAL PLAN~~

A-11. PLANNED PROGRESS REPORT

A-12. MONTHLY PROGRESS REPORT

A-13. PARCEL COUNT FORM A

A-14. PARCEL COUNT FORM B

A-15. NOTICE OF REAL ESTATE VALUE CHANGE

A-16. CERTIFICATION OF COUNTY AS TO COMPLETION OF COMPREHENSIVE COUNTYWIDE REAPPRAISAL

A-17 COMPLIANCE VERIFICATION FORM

A-18 HOMESTEAD CREDIT APPLICATION/SALES VERIFICATION

**FOR USE BY COUNTY CLERK:**

CC-1. SUMMARY REPORT OF COUNTY ASSESSMENTS FOR THE YEAR

CC-2. PERSONAL PROPERTY INTERIM MILLAGE ADJUSTMENT (A.C.A. 25-26-405)

CC-3. FRINGE DISTRICT ROLLBACK

CC-4. CERTIFICATION OF ASSESSED VALUE DATA (A.C.A. 26-26-403)

CC-5. SCHOOL DISTRICT CALCULATION TO DETERMINE MINIMUM MILLAGE REQUIRED BY AMENDMENT 74

**FOR USE BY GOVERNING BODIES OF TAXING UNITS:**

GB-1. COMPUTATION AND CERTIFICATION FORM. BASE YEAR MILLAGE

ROLLBACK COMPUTATION AND CERTIFICATION FORM (A.C.A. 26-26-404)

**FOR USE BY EQUALIZATION BOARD & COUNTY CLERK AS EX-OFFICIO  
SECRETARY OF THE COUNTY EQUALIZATION BOARD:**

E-1. EQUALIZATION BOARD MEMBERS AND ADDRESSES

E-2. EQUALIZATION BOARD ABSTRACT OF ADJUSTED ASSESSMENT (A.C.A.  
26-26-304, 26-27-319)

E-3. EQUALIZATION BOARD RESOLUTION

**MISCELLANEOUS:**

M-1. APPLICATION FOR ADMISSION - ARKANSAS ASSESSMENT TRAINING  
PROGRAM

M-2. TRAINING AND DESIGNATION PROGRAM

**~~FOR USE BY THE PREPARER OF THE TAX BOOK:~~**

~~P-1 COUNTY TAX SETTLEMENT REPORT TEMPLATE~~

*Adopted 10/01/99*

*Amended 12/20/00*

*Amended 12/20/06*

*Amended \_\_\_\_\_*