



Debra Asbury
Director

STATE OF ARKANSAS
ASSESSMENT COORDINATION DEPARTMENT

1614 WEST THIRD
LITTLE ROCK, ARKANSAS 72201-1815
PHONE (501) 324-9240
FAX (501) 324-9242

Date: March 15, 2008

To: Senate Committee on Revenue and Taxation
House Committee on Revenue and Taxation
Senate Committee on Education
House Committee on Education

From: Debra Asbury, Director
Assessment Coordination Department

Subject: Property Tax Disbursement Rates Report

Act 27 of 2006 and Act 272 of 2007 requires the Assessment Coordination Department (ACD) to gather tax dollar disbursement data from the counties of Arkansas. This data is to be compiled and submitted to the Department of Education which will use it to make foundation funding adjustments to all school districts as needed to ensure equitable and legally required per student funding.

This 2008 report marks the second year of the project. This year's report represents a more complete analysis than last year's. These improvements were brought about through increased communication, education, and cooperation among many state agencies, county personnel, and other groups. ACD received data from all 75 counties by the deadline of February 15, 2008. This data included revisions from several counties. ACD did not alter the reports.

ACD performed audits to identify possible data errors to the best of its abilities. These audits were effective in correcting several errors prior to analysis. However, there are still some extreme (high and low) disbursement rates for individual school districts. Further investigation into these extreme rates is advised.

In some cases, the individual property type rates are skewed due to combined reporting of utility collections with real estate and personal property. This causes the appearance of low disbursement rates for utility property and high personal property rates. The overall rates are not affected in these instances.

ACD would like to reiterate the fact that this report should not be used to judge the effectiveness of the county collector's offices. The disbursement rates calculated herein are based on the original charge valuations. They do not account for charge adjustments (Adds, Errors, Disabled Veterans) that would directly affect the amount of taxes eligible for collection.

Debra Asbury, Director

Assessment Coordination Department

Property Tax Disbursement Analysis

2006 Taxes Collected in 2007

Statewide Level Analysis

*Alles das Amt
gegebener Größe
(Bodensur Moratob)*

*Wenn dann für die
Lernende durch die
Lernen hat zu Theil
dadurch zu erkennen
schließen Erlaubnis
Trotzdem erwas bei
der Primzahlen; ein
Lernende, welcher
Längere Zeit gelehrt
vielleicht nicht ganz
Bei dieser Lernende
erweit die von Euler*

$\pi \frac{1}{i}$

2008



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Action Timeline

2006 First Extraordinary Session	Act 27 Passed
June 2006	Assessment Coordination Department promulgated rules in conjunction with Legislative Audit, Department of Education, State Board of Education, Commissioner of State Lands, and appropriate county officials for satisfying Act 27 requirements.
July 2006	Meeting held at Association of Arkansas Counties to discuss these ACD rules and the reporting template.
August 2006	ACD and Legislative Audit made a presentation on Act 27 to the Association of Arkansas Counties meeting in Springdale.
September 2006	Preparer of the Tax Books identified in each county, contact information compiled. Introductory letter and preliminary reporting template emailed/mailed to all counties (A1 in appendix section).
October 2006	ACD presented the Act 27 Reporting project purpose and template at the Assessors' Fall Meeting in Hot Springs. ACD Rules Committee passes ACD rules 5.01, 5.02, 5.03, and 5.04.
November 2006	Sample of counties asked to provide 2004-2005 collection data as data test phase of project. ACD provided a written progress report to the Committees on Revenue and Taxation and the Committees on Education (A2 in appendix section).
December 2006	Test phase data analyzed; input received from sample counties; template format adjusted. Custom templates created for each county containing school district names and LEA numbers pre-entered.
January 2007	Letter mailed to all counties as reminder of report requirements and as notice of custom template delivery by January 12, 2007 (A3 in appendix section). Letter and custom template emailed/mailed to each county (A4 in appendix section).
February 2007	Letter mailed to counties that had not submitted data as reminder of reporting deadline of February 15, 2007 (A5 in appendix section).

Action Timeline

March 2007	Data acceptance cutoff March 1, 2007 for analysis and report preparation. Results published. Data was compiled at the school district level as well as the county level. Each county received a copy of it's specific results. Each school district superintendent received a copy of their district's specific results.
May 2007	ACD participated in a panel discussion with the school district superintendents. The Department of Education and Legislative Audit were also part of the presentation.
August 2007	ACD presented findings at the Association of Arkansas Counties meeting in Hot Springs. The Department of Education and the Pulaski County Treasurer also presented. Legislative Audit was on hand to answer any questions.
October 2007	ACD presented findings at the Annual Treasurers' Meeting in Morrilton. ACD presented findings to Joint Committees: Revenue & Taxation, State Agencies & Governmental Affairs, and Education at the Assessors' Fall Meeting.
November - December 2007	ACD held 10 Template Workshops for officials completing the Reporting Template. Fifty counties (107 people) attended in all.
January 2008	Templates sent to every county. Letter mailed to every contact person in every county indicating templates had been sent. This letter indicated that if a county had not received its template it should notify ACD immediately. ACD presented 2007 findings to School District Superintendents Meeting. ACD presented 2007 findings to Joint Committees on Revenue and Taxation.
February 2008	Letter mailed reminder letter to counties that had not yet reported. All counties returned completed templates to ACD by February 15, 2008.
March 2008	ACD reported distributed dollar amounts to the Department of Education for adjustment payment calculations. ACD published 2008 findings.

Project Challenges

Many of the initial challenges with this project were addressed during this second round of reporting. Through communication efforts of many different groups and agencies, as well as increase in instruction and cooperation, this year's reporting process resulted in more complete and accurate data.

COMMUNICATION

The first challenge faced with the initial report was the lack of electronic reporting. While several counties still did not use email as a means of communicating this year, many more counties submitted electronic data. Of those counties without email usage, many more returned data on compact disc. This was much easier to assimilate into the overall data.

Many counties contracted outside professionals to complete their reporting template. Most such professionals have email capabilities, which aided electronic data submission efforts. However, this also resulted in county data being directly submitted to ACD from the contracted professional. In these instances, the county was asked to approve the data for ACD's use.

Last year, several counties assumed their data had been received by ACD when, in fact, it had not. To keep this from happening again, ACD faxed a "data receipt" memo to every contact person in the county when their data had been received.

INSTRUCTION

The second challenge during the first reporting cycle was confusion over the required data's calculation and location within the county. This issue was addressed in two important ways. ACD provided a written set of instructions for completing the reporting template. This guide detailed each section of the template and included explanations of what each figure should represent and some possible places to find the data within the county. Secondly, ACD partnered with Legislative Audit to hold hands-on template workshops. During these small group workshops, county personnel were able to use their own data to practice completing the template on a laptop computer. This setting allowed for one-on-one training and for county-specific questions to be asked and answered.

The workshops also showed previously unknown issues in the reporting process. For example, ACD learned there are two types of collector commission on the final tax settlement that must be combined for the total needed on the template. Counties learned what names they have for specific data needed on the template. In some cases, counties found errors in some of their current procedures, i.e. incorrect percentages used for commissions, non-inclusion of tax-exempt properties in the original charge (DAVs).

DATA ACCURACY

The same basic data cleaning was performed this year as was last year. This process identified fewer and smaller differences in the valuations reported on the template to those on file at the Department of Education. All such differences larger than 5% are listed in the report.

Overall, the data submitted to ACD was much more consistent than last year's report. Some issues such as incorrect data placement on the template and obvious errors in the collector's commission and homestead credit columns were identified and quickly corrected by the county. However, there are still some extreme disbursement rates (both high and low) in the final analysis. ACD identified nine statistical outliers and trimmed these from the dataset. In addition to these nine, there are still others that cause some concern over data accuracy. Unfortunately, ACD has audited the template data to the best of its abilities and has been unable to identify any more errors in the reported data. Further investigation into these extreme rates is advisable.

COOPERATION

Cooperation was greatly improved with this year's reporting cycle. All seventy-five counties submitted the Act 27/272 Reporting Template by February 15, 2008. This was including many county revisions/corrections to data. Most county personnel were very responsive to ACD requests for data corrections to templates. Several counties even performed their own fact-checking and submitted self-identified corrections to their data.

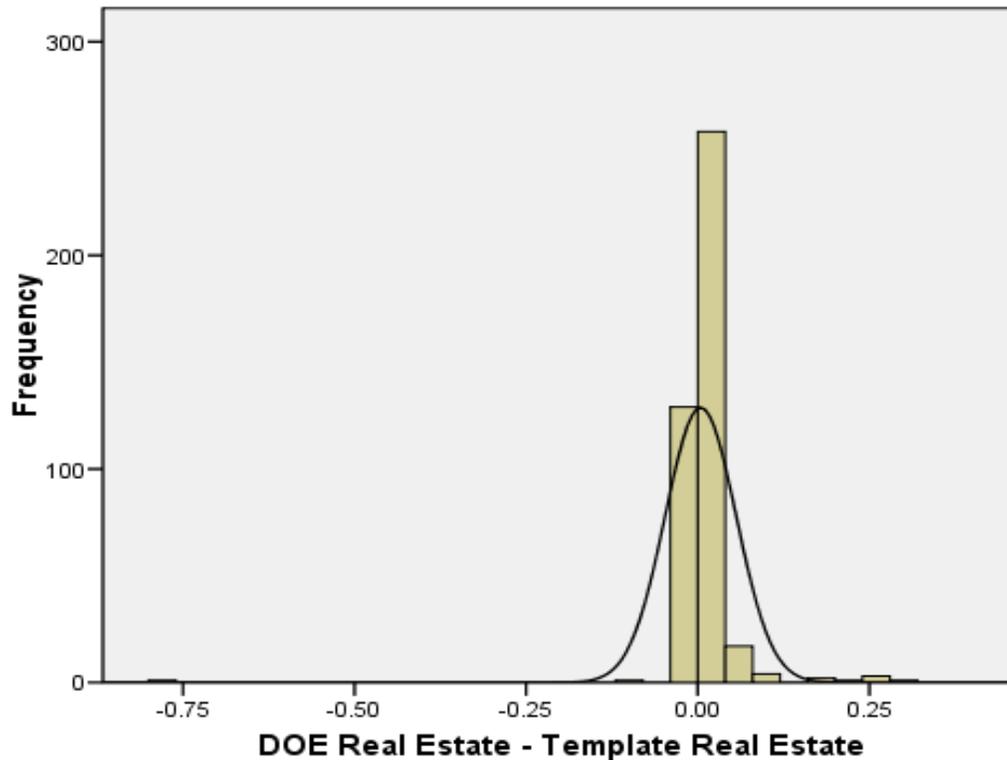
Many more county officials were included as contacts for this project this year and were involved in the entire process. School district representatives also took active roles in the process by maintaining contact with their counties to ensure timely and accurate reporting. Everyone involved had a much better understanding of the data's importance.

Differences in Real Estate Valuations Reported

The differences between the Department of Education real estate original charge valuations and those submitted by the county on the ACD Reporting Template were calculated and analyzed. Below are the statistics of these differences.

Mean	0.43%		Percentiles	5	-1.50%
Median	0.00%			10	-0.47%
Std. Deviation	5.16%			90	2.55%
Minimum	-76.84%			95	4.68%
Maximum	29.52%				

Real Estate Differences



Differences in Real Estate Valuations Reported

Below are the county/school district observations that had a difference in real estate valuations reported of greater than 5%.

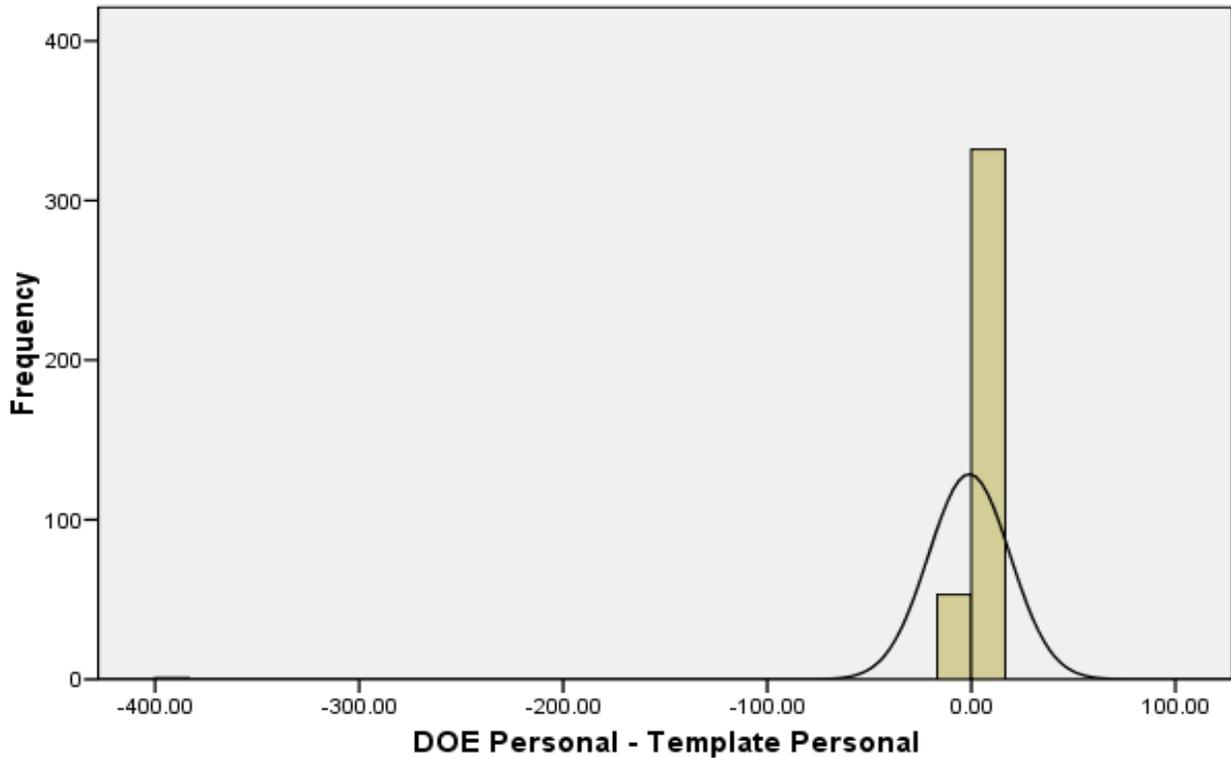
County	School District	LEA Number	Dept of Education Real Estate Valuation	Template Real Estate Valuation	Difference	% of Dept of Education Valuation
Craighead	Greene County Tech School District	2807000	1,156,520	1,025,410	131,110	11.34%
Hempstead	Blevins School District	2901000	13,985,630	15,620,910	(1,635,280)	-11.69%
Hot Spring	Glen Rose School District	3002000	14,880,964	13,847,347	1,033,617	6.95%
	Centerpoint School District	5502000	2,450,458	2,252,222	198,236	8.09%
Jackson	Bradford School District	7303000	5,029,523	4,665,090	364,433	7.25%
Mississippi	Armored School District	4701000	13,458,253	12,589,311	868,942	6.46%
	Blytheville School District	4702000	92,616,106	87,820,879	4,795,227	5.18%
	Manila School District	4712000	24,026,889	22,760,853	1,266,036	5.27%
	Osceola School District	4713000	36,846,255	35,029,793	1,816,462	4.93%
Randolph	Sloan Hendrix School District	3806000	3,987,456	3,773,857	213,599	5.36%
Scott	Waldron School District	6401000	44,180,693	41,572,513	2,608,180	5.90%
Washington	Siloam Springs School District	0406000	8,541,984	6,986,320	1,555,664	18.21%
	Elkins School District	7201000	33,754,601	24,892,098	8,862,503	26.26%
	Farmington School District	7202000	104,381,895	86,551,657	17,830,238	17.08%
	Fayetteville School District	7203000	847,722,199	761,708,701	86,013,498	10.15%
	Greenland School District	7204000	44,920,762	33,097,935	11,822,827	26.32%
	Lincoln Consolidated School District	7205000	46,079,757	34,819,810	11,259,947	24.44%
	Prairie Grove School District	7206000	77,236,275	61,189,957	16,046,318	20.78%
	Springdale School District	7207000	823,735,484	725,234,108	98,501,376	11.96%
	West Fork School District	7208000	34,376,796	24,227,822	10,148,974	29.52%
Yell	Western Yell County School District	7509000	13,222,075	23,382,391	(10,160,316)	-76.84%

Differences in Personal Property Valuations Reported

The differences between the Department of Education personal property original charge valuations and those submitted by the county on the ACD Reporting Template were calculated and analyzed. Below are the statistics of these differences.

Mean	-1.57%	Percentiles	5	-8.94%
Median	-0.04%		10	-5.95%
Std. Deviation	4.71%		90	0.95%
Minimum	-22.69%		95	1.88%
Maximum	11.14%			

Personal Property Differences



Differences in Personal Property Valuations Reported

Below are the county/school district observations that had a difference in personal valuations reported of greater than 5%.

County	School District	LEA Number	Dept of Education Personal Valuation	Template Personal Valuation	Difference	% of Dept of Education Valuation
Baxter	Mountain Home School District	0303000	101,679,800	119,564,110	(17,884,310)	-17.59%
Boone	Alpena School District	0501000	2,696,405	2,838,955	(142,550)	-5.29%
Bradley	Cleveland County School District	1305000	460	510	(50)	-10.87%
Columbia	Magnolia School District	1402000	59,009,550	72,398,039	(13,388,489)	-22.69%
Greene	Greene County Tech School District	2807000	41,395,875	44,377,190	(2,981,315)	-7.20%
Hempstead	Blevins School District	2901000	4,154,629	4,749,676	(595,047)	-14.32%
	Spring Hill School District	2906000	2,922,893	2,677,643	245,250	8.39%
	Mineral Springs School District	3104000	1,500,083	1,333,043	167,040	11.14%
	Nashville School District	3105000	2,616,507	2,416,717	199,790	7.64%
*Howard	Murfreesboro School District	5504000	360	141,427	(141,067)	-39185.28%
Lonoke	Lonoke School District	4301000	23,398,045	24,665,710	(1,267,665)	-5.42%
	Cabot School District	4304000	75,625,350	79,687,685	(4,062,335)	-5.37%
Phillips	Barton Lexa School District	5401000	4,996,340	5,404,890	(408,550)	-8.18%
	Helena West Helena School District	5403000	26,502,000	28,600,630	(2,098,630)	-7.92%
Saline	Bryant School District	6303000	96,787,319	105,110,320	(8,323,001)	-8.60%

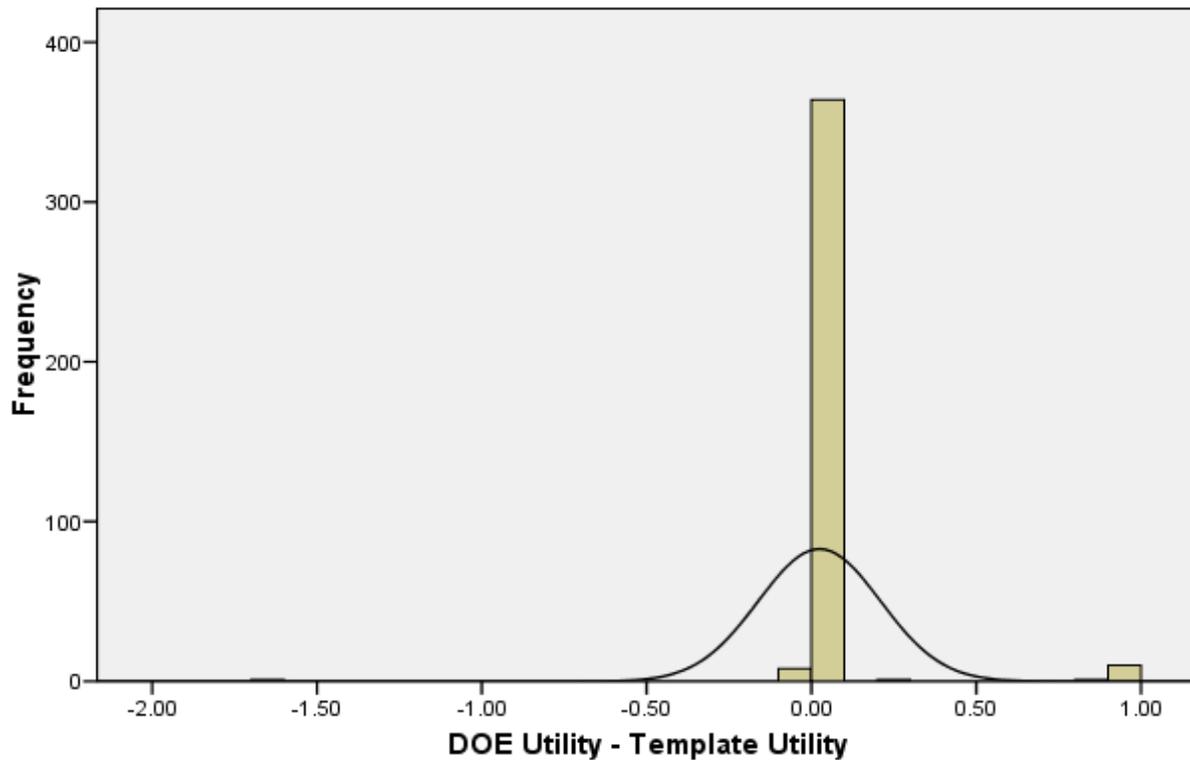
*Howard County/Murfreesboro School District data was not used in the statistics calculations for differences in personal valuations.

Differences in Utility Property Valuations Reported

The differences between the Department of Education utility property original charge valuations and those submitted by the county on the ACD Reporting Template were calculated and analyzed. Below are the statistics of these differences.

Mean	2.41%	Percentiles	5	0.00%
Median	0.00%		10	0.00%
Std. Deviation	18.54%		90	0.00%
Minimum	-162.63%		95	0.01%
Maximum	100.00%			

Utility Differences



Differences in Utility Property Valuations Reported

Below are the county/school district observations that had a difference in utility valuations reported of greater than 5%.

County	School District	LEA Number	Dept of Education Utility Valuation	Template Utility Valuation	Difference	% of Dept of Education Valuation
Bradley	Hermitage School District	0601000	2,875,825	3,075,224	(199,399)	-6.93%
	Warren School District	0602000	4,637,660	12,179,955	(7,542,295)	-162.63%
Columbia	Magnolia School District	1402000	11,997,284	-	11,997,284	100.00%
Craighead	Westside Consolidated School District	1602000	4,656,359	3,710,607	945,752	20.31%
Howard	Murfreesboro School District	5504000	141,070	-	141,070	100.00%
Montgomery	Caddo Hills School District	4901000	1,548,405	-	1,548,405	100.00%
	Mount Ida School District	4902000	2,176,770	-	2,176,770	100.00%
	Ouachita River School District	5706000	753,540	-	753,540	100.00%
Prairie	Carlisle School District	4303000	165,268	-	165,268	100.00%
	Clarendon School District	4802000	9,120	-	9,120	100.00%
	Des Arc School District	5901000	2,873,964	-	2,873,964	100.00%
	Hazen School District	5903000	5,385,872	-	5,385,872	100.00%
	Beebe School District	7302000	96,433	-	96,433	100.00%
Yell	Western Yell County School District	7509000	11,940,294	1,771,138	10,169,156	85.17%

2007 Statewide Analysis

All 75 counties reported the required data by the February 15, 2008 deadline. The following data is based on 100% of property valuation in the state.

Original Charge Adjustments		
Type	Valuation	Tax Dollars
Adds	340,729,094	\$13,102,884.01
Errors	432,717,338	\$16,461,492.63
Disabled Veterans	224,268,978	\$8,372,325.63
Net Total	-316,257,222	-\$11,730,934.26

2006 Assessments		
Property Type	Valuation	Tax Dollars
Real	22,900,619,851	\$ 858,655,979.91
Personal	8,103,530,305	\$ 302,179,592.71
Utility	2,433,225,260	\$ 89,663,913.75
Total	33,437,375,416	\$ 1,250,499,486.38

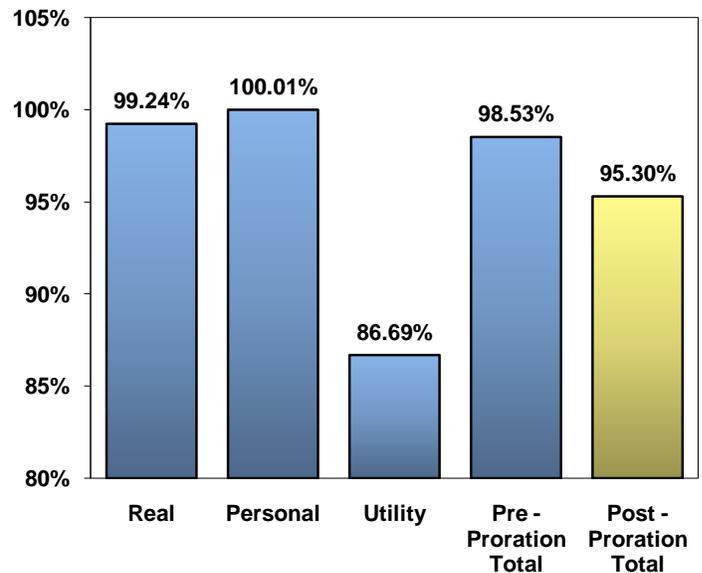
Difference in Original Charges:	Valuation	Tax Dollars
Real	270,082,917	\$ 10,883,704.86
Personal	-232,393,177	\$ (8,284,038.73)
Utility	206,670,173	\$ 7,486,726.76
Total	244,359,913	\$ 10,086,392.89

Homestead Credit: \$148,836,485.31 (17.33 % of Real Estate Assessments)

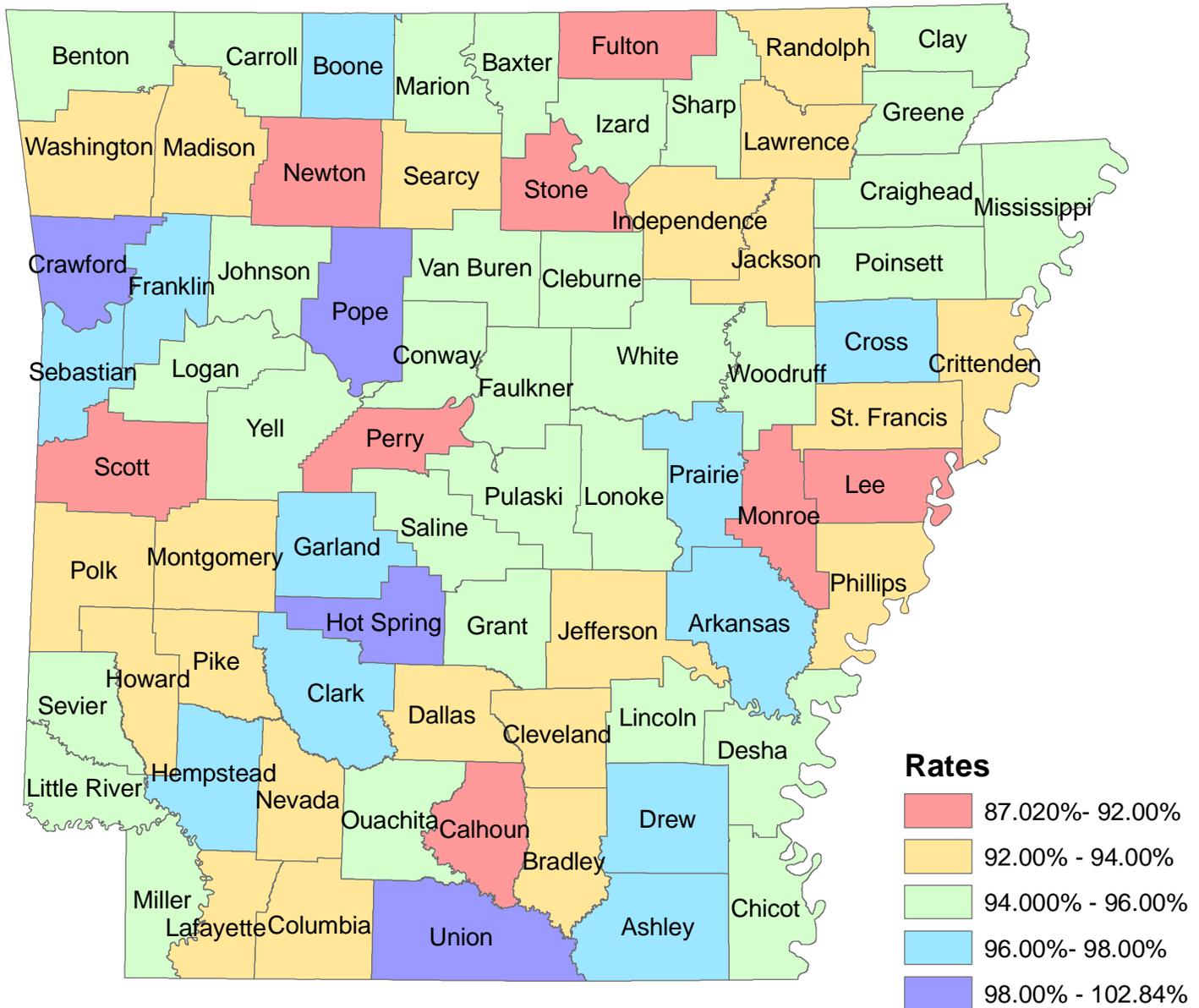
Prorations: \$40,318,875.59 (3.22 % of Total Assessments)

2007 Disbursement Rates

2007 Disbursement Rates		
Property Type	\$ Disbursed before Prorations, with Delinquents	% of Original Charge
Real	852,156,059	99.24%
Personal	302,202,128	100.01%
Utility	77,727,418	86.69%
Pre - Proration Total	1,232,085,605	98.53%
Post - Proration Total	1,191,766,729	95.30%



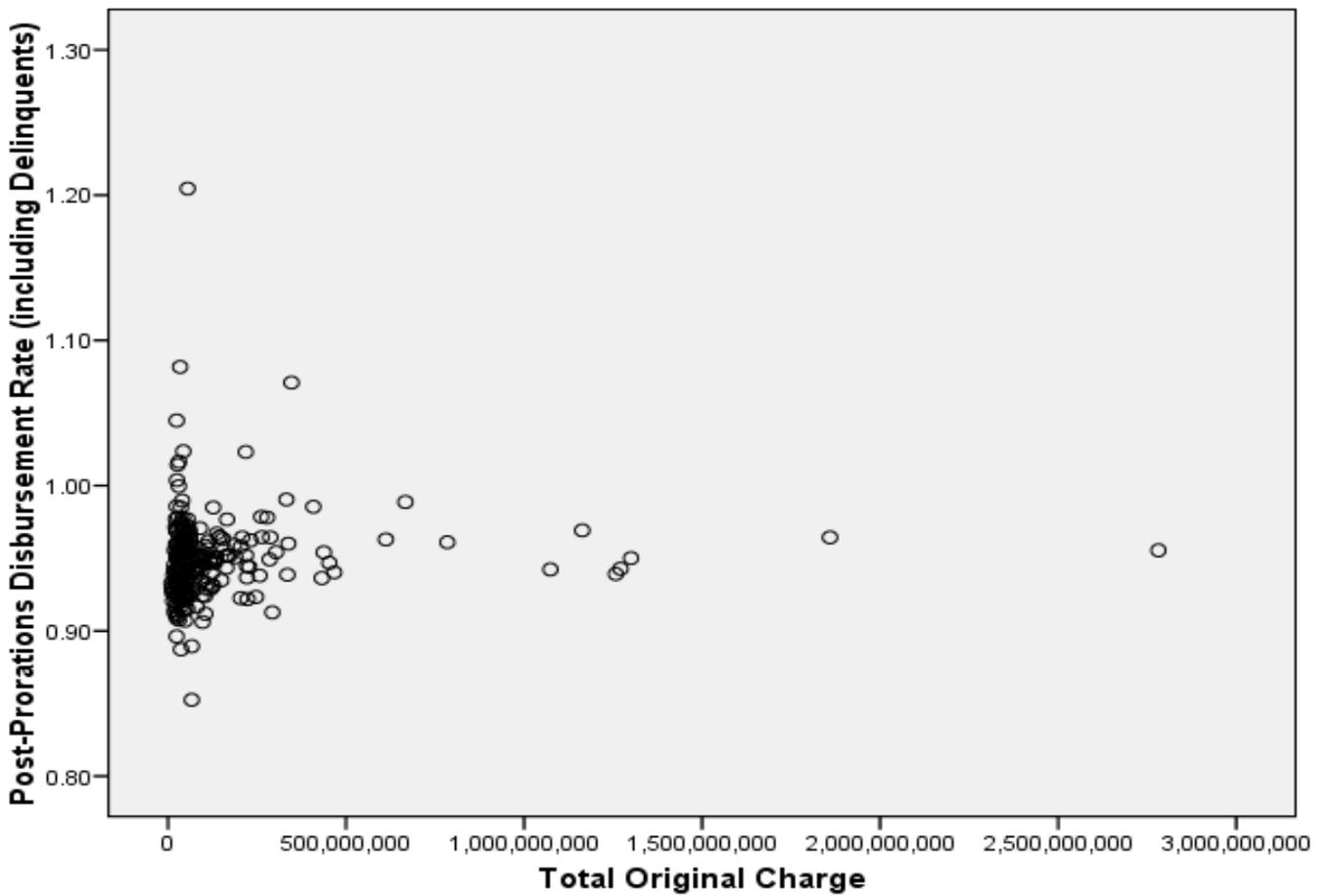
County Disbursement Rates



Disbursement Rate Post-Prorations Analysis

Untrimmed Analysis

Number of School Districts Used	249			
Mean	94.83%	95% Confidence Interval for Mean	Lower Bound	94.47%
Median	94.76%		Upper Bound	95.19%
Weighted Mean	95.30%	5% Trimmed Mean		94.68%
Std. Deviation	2.88%	Variance		0.10%
Average Absolute Deviation	1.82%	Minimum		85.00%
Coefficient of Dispersion	1.92%	Maximum		120.00%
Coefficient of Variation-Mean Centered	3.040293	Interquartile Range		3.00%



Disbursement Rate Post-Proration Analysis

Data Trims

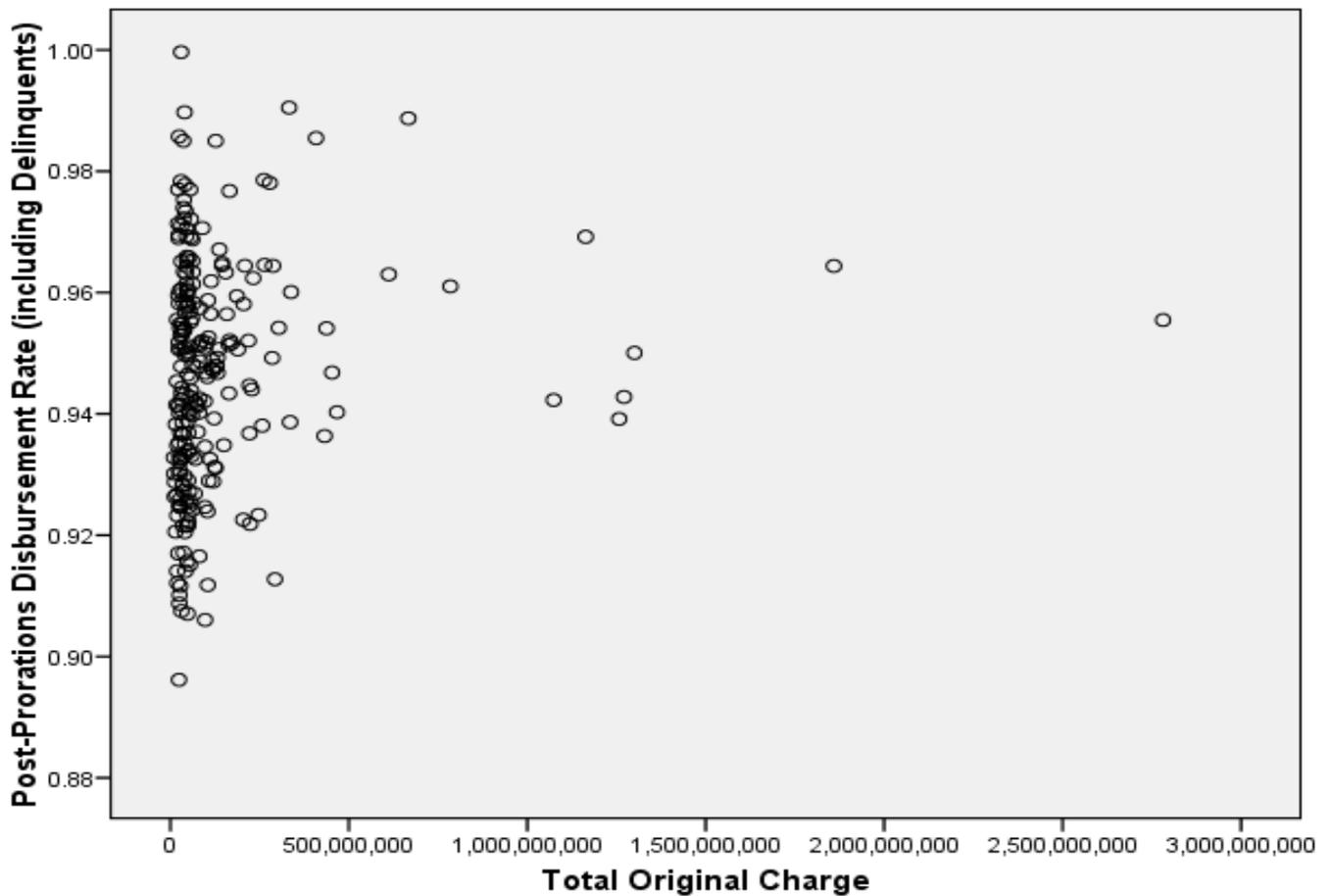
There were 12 disbursement rates identified as statistical outliers. These were trimmed from the dataset to reach a more accurate conclusion. These 12 observations are listed below.

School District	LEA Number	Post Proration Rate
Hampton School District	0701000	88.95%
Mountainburg School District	1703000	101.65%
Salem School District	2502000	88.73%
Blevins School District	2901000	104.48%
Magnet Cove School District	3003000	120.45%
Izard County School District	3306000	102.36%
Waldron School District	6401000	85.25%
El Dorado School District	7001000	107.09%
Norphlet School District	7006000	101.44%

Disbursement Rate Post-Prorations Analysis

Trimmed Analysis

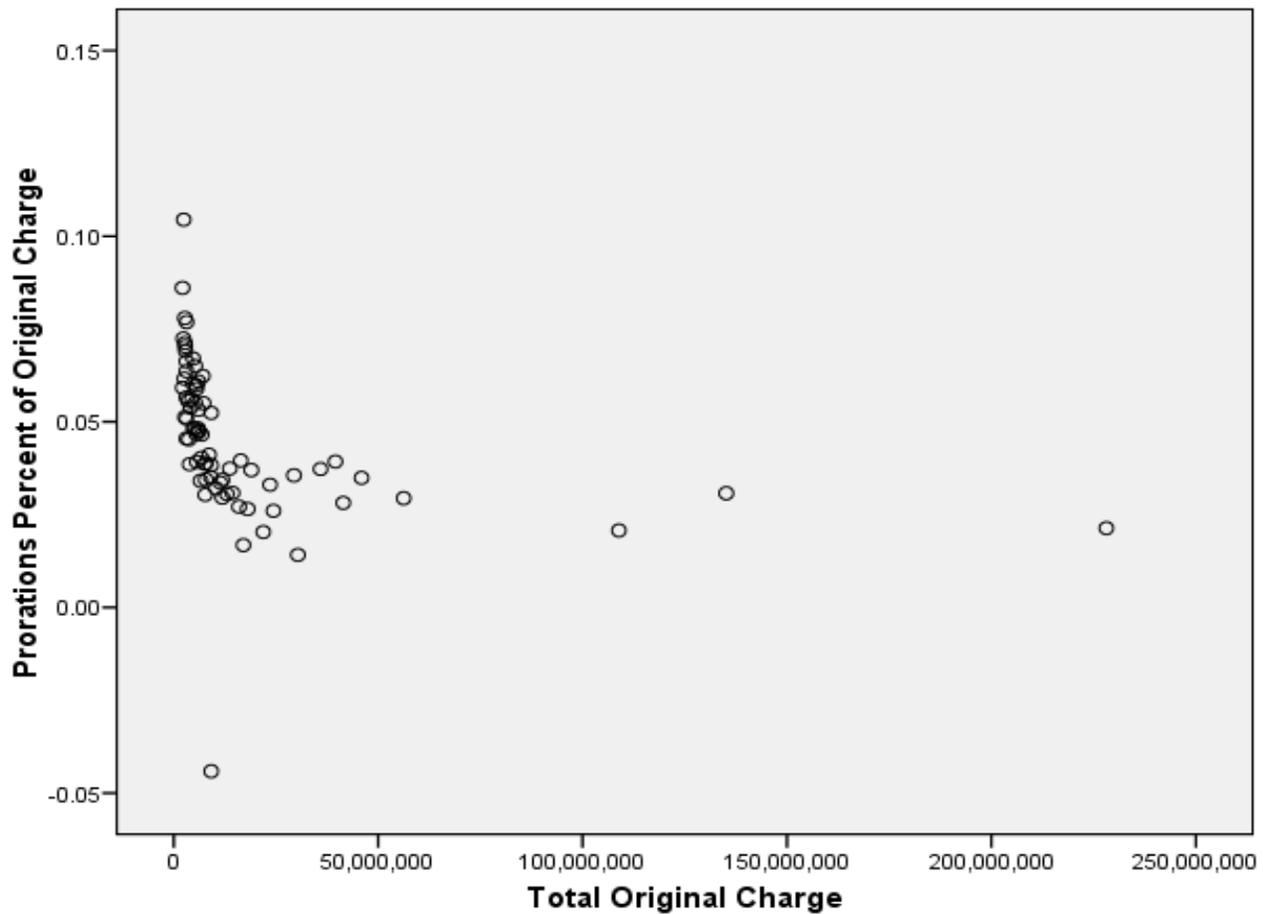
Number of School Districts Used	240			
Mean	94.64%	95% Confidence Interval for Mean	Lower Bound	94.40%
Median	94.73%		Upper Bound	94.88%
Weighted Mean	95.17%	5% Trimmed Mean		94.63%
Std. Deviation	1.88%	Variance		0.00%
Average Absolute Deviation	1.52%	Minimum		90.00%
Coefficient of Dispersion	1.60%	Maximum		100.00%
Coefficient of Variation-Mean Centered	1.983604	Interquartile Range		3.00%



Proration Percentage Analysis

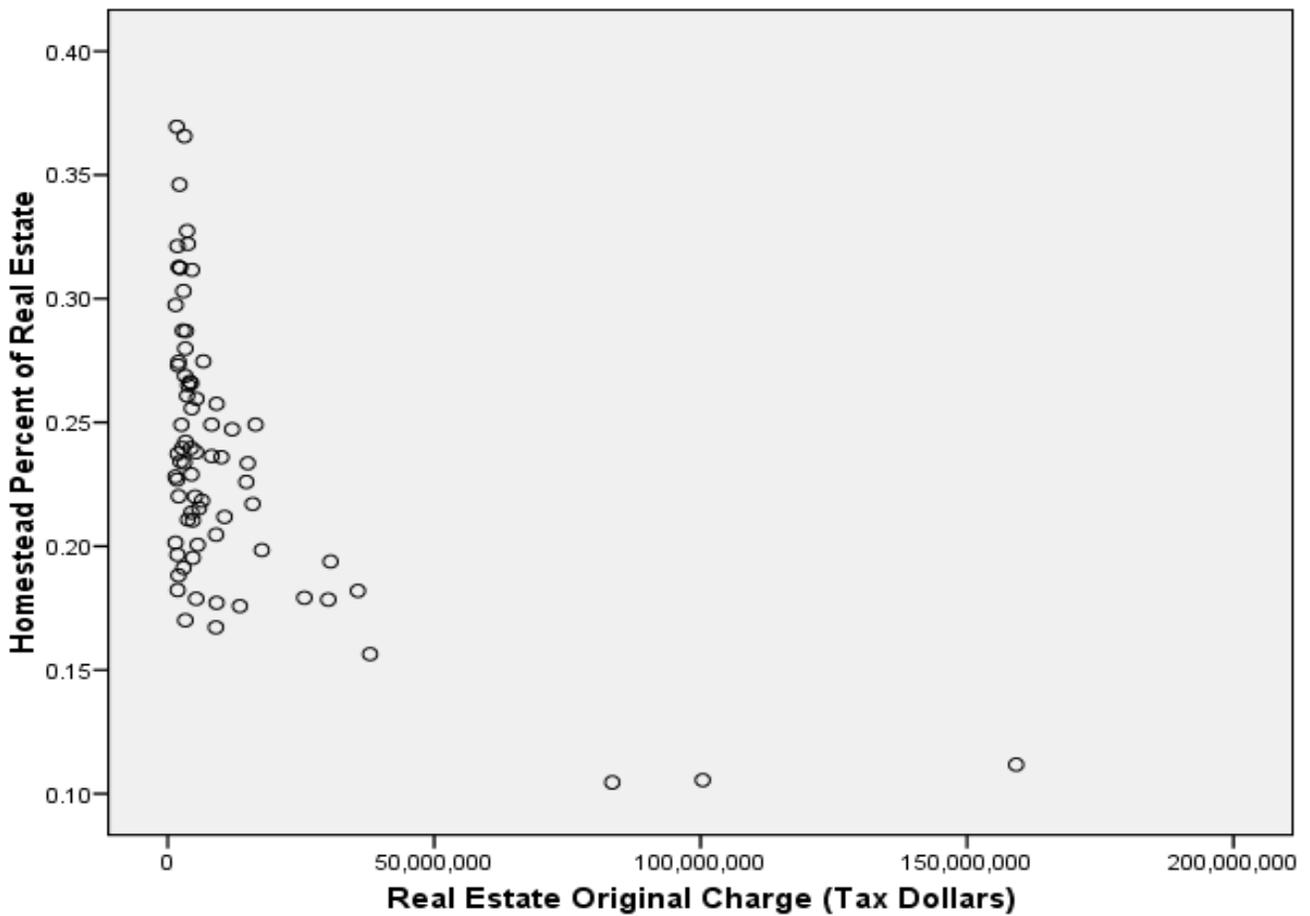
Prorations = collector's commission (-), assessor's salary (-), real estate cost (-), personal property cost (-), clerk's fees (-), EQ Board expenses (-), reappraisal expenses (-), miscellaneous expenses (-), net treasurer's commission (-), collector/treasurer's interest (+), excess collector's commission (+), and miscellaneous credits (+)

Mean	4.64%	95% Confidence Interval for Mean	Lower Bound	4.24%
Median	4.53%		Upper Bound	5.03%
Weighted Mean	3.22%	5% Trimmed Mean		4.57%
Std. Deviation	1.71%	Variance		0.03%
Average Absolute Deviation	1.38%	Minimum		1.42%
Coefficient of Dispersion	30.38%	Maximum		10.45%
Coefficient of Variation-Mean Centered	36.991	Interquartile Range		2.48%



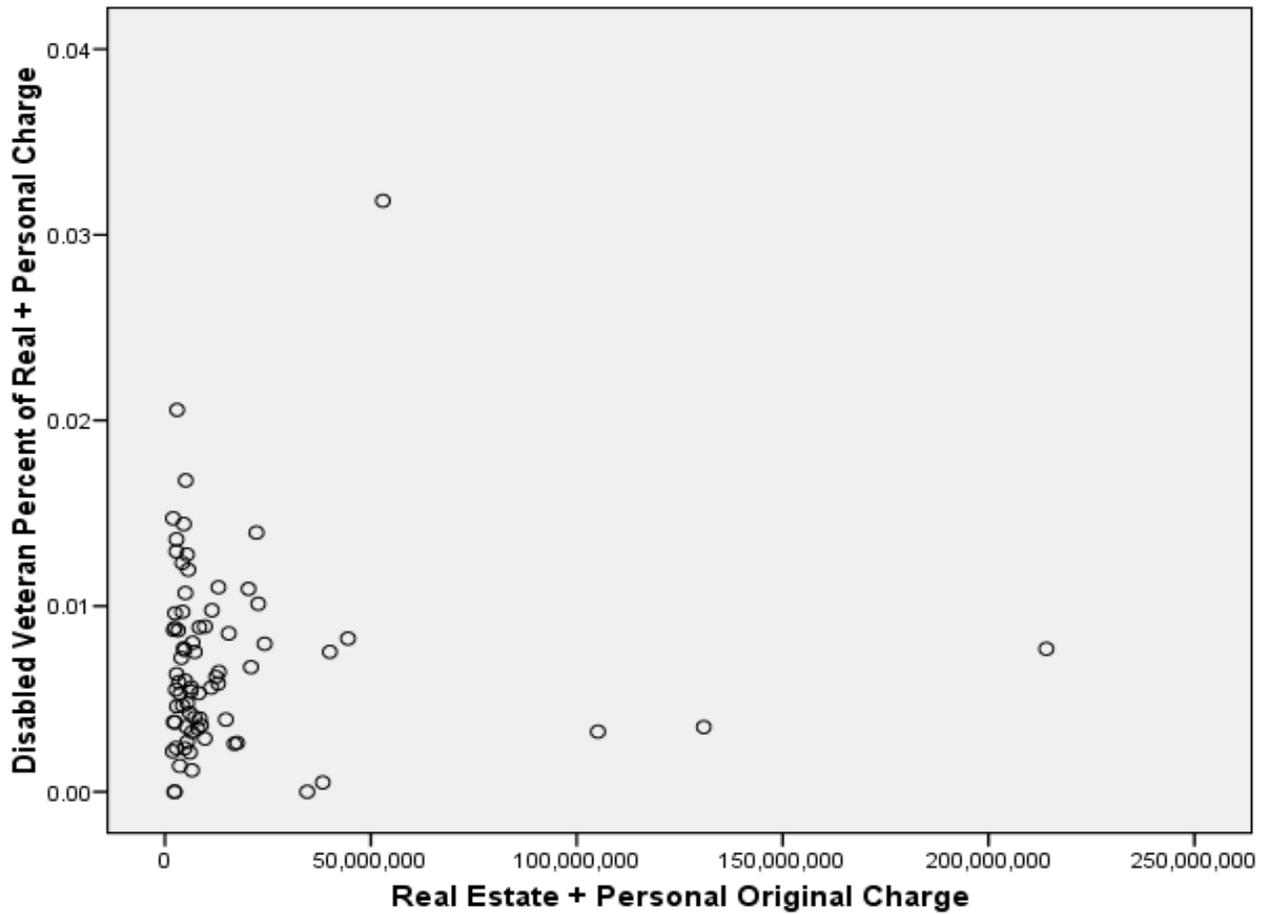
Homestead Coverage Analysis

Mean	23.64%	95% Confidence Interval for Mean	Lower Bound	22.37%
Median	23.42%		Upper Bound	24.91%
Weighted Mean	17.33%	5% Trimmed Mean		23.65%
Std. Deviation	5.52%	Variance		0.30%
Average Absolute Deviation	4.25%	Minimum		10.46%
Coefficient of Dispersion	18.14%	Maximum		36.95%
Coefficient of Variation-Mean Centered	23.35	Interquartile Range		7.04%



Disabled Veterans Analysis

Mean	0.70%	95% Confidence Interval for Mean	Lower Bound	0.59%
Median	0.60%		Upper Bound	0.82%
Weighted Mean	0.72%	5% Trimmed Mean		0.66%
Std. Deviation	0.51%	Variance		0.00%
Average Absolute Deviation	0.36%	Minimum		0.00%
Coefficient of Dispersion	60.17%	Maximum		3.18%
Coefficient of Variation-Mean Centered	72.405	Interquartile Range		0.54%



Appendix A

Act 27 of 2006 First Extraordinary Session

By: Education Committee - Senate

By: *Representatives Elliott, Pickett*

For An Act To Be Entitled

AN ACT TO ADDRESS THE ISSUES RAISED IN THE MOST RECENT LAKEVIEW OPINION REGARDING THE NINETY-EIGHT PERCENT (98%) COLLECTION RATE FOR PROPERTY TAXES BY CREATING A MECHANISM TO PROVIDE FOR UNIFORM ACCOUNTING BY ADOPTING A STATEWIDE SET OF REPORTING INSTRUCTIONS FOR EACH COUNTY; TO ALLOW THE ASSESSMENT COORDINATION DEPARTMENT TO CREATE A UNIFORM STATEWIDE SET OF INSTRUCTIONS FOR REPORTING COUNTY PROPERTY TAX COLLECTION INFORMATION; AND FOR OTHER PURPOSES.

Subtitle

TO ADDRESS THE ISSUES RAISED IN THE MOST RECENT LAKEVIEW OPINION REGARDING THE NINETY-EIGHT PERCENT (98%) COLLECTION RATE FOR PROPERTY TAXES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 6-20-2202(g), regarding the budget and expenditure reports prepared by school districts, is amended to read as follows:

(g)(1) The Treasurer of State shall withhold the monthly distribution of county aid provided under § 19-5-602(c) from any county whose ~~county clerk~~ county official who is the preparer of the tax books fails to provide by March 15 of each calendar year information ~~to the department~~ concerning the annual abstract of assessment that reflects the aggregate value of the real and personal property for each school

district located wholly or in part in the county as follows:

(A) If the county is capable of providing the information electronically, then the information shall be provided to both the Department of Education and the Assessment Coordination Department; and

(B) If the county is not capable of providing the information electronically, then the information shall be provided only to the Assessment Coordination Department.

(2) The information transmitted to the department shall also include:

(A) The previous calendar year's property assessment that will be used for ad valorem tax collections in the current year; and

(B) The millage rates, which shall be listed by the type of millage, levied against that property assessment.

SECTION 2. Arkansas Code Title 26, Chapter 26, is amended to add an additional subchapter to read as follows:

Subchapter 20.

Coordination of Uniform Reporting.

26-26-2001. Uniform reporting requirements.

(a) The county official who is the preparer of the tax books shall annually report to the Assessment Coordination Department and the State Board of Education the county's property tax assessment, settlement, and collection information as provided under this section.

(b)(1) By June 15, 2006, the Assessment Coordination Department shall adopt and implement by rules a statewide set of instructions for reporting county property tax assessment, settlement, and collection information.

(2) In developing the statewide set of instructions, the Assessment Coordination Department shall:

(A) Collaborate with the Division of Legislative Audit, State Board of Education, the Department of Education, the Commissioner of State Lands, and the appropriate county officials;

(B) Consider the comments and suggestions from school districts and other interested parties; and

(C) Comply with the Arkansas Administrative Procedure Act, § 25-15-201 et seq., which may include the adoption of emergency rules as necessary to comply with the June 15, 2006, deadline under subdivision (b)(1) of this section.

(c) The statewide set of instructions shall address issues relating to the property tax assessment, settlement, and collection processes to assure uniformity in reporting. In addition to any other instructions relevant to the processes, the statewide set of instructions shall include how to report items related to the county collector's original charge or assessed value used to determine state foundation funding aid under

the Public School Funding Act of 2003, § 6-20-2301 et seq.

(d)(1)(A) By November 15, 2006, the Assessment Coordination Department shall present its preliminary report to the House Interim Committee on Revenue and Taxation, the Senate Interim Committee on Revenue and Taxation, the House Interim Committee on Education, and the Senate Interim Committee on Education regarding the implementation of this section.

(B) The preliminary report shall include:

(i) The proposed or promulgated rules;

(ii) The status of implementing the rules; and

(iii) If the rules have been implemented, a list of the counties that have complied with the rules.

(2) By December 15 of each following year, the Assessment Coordination Department shall present an update to the preliminary report that shall include:

(A) Any changes to the rules;

(B) The status of implementing the rules;

(C) A list of the counties that have complied with the rules; and

(D) Any additional information requested by a chair of a committee to be included in the update.

SECTION 3. Arkansas Code Title 25, Chapter 28, Subchapter 1 is amended to add an additional section to read as follows:

25-28-109. Additional authority.

The Assessment Coordination Department shall promulgate the necessary rules to fully implement the provisions of uniform reporting requirements as required under § 26-26-2001 with input from all of the following:

(1) The State Board of Education;

(2) The Department of Education;

(3) The Division of Legislative Audit;

(4) The Commissioner of State Lands;

(5) The appropriate county officials; and

(6) The appropriate school district officials.

SECTION 4. EMERGENCY CLAUSE. It is found and determined by the General Assembly of

the State of Arkansas that the Arkansas Supreme Court declared the public school funding system to be inadequate and that the public schools are operating under a constitutional infirmity which must be corrected immediately; that to correct the constitutional infirmity and to ensure adequate funding for public education, the General Assembly must have more accurate and timely information regarding the assessment, settlement, and collection of property taxes by the counties; and that this act is necessary to allow the Assessment Coordination Department, the Department of Education, and the counties sufficient time to make all necessary rules, adjustments, calculations, and reports that will be necessary prior to the convening of the 86th General Assembly. Therefore, an emergency is declared to exist and this act being necessary for the preservation of the public peace, health, and safety shall become effective on:

(1) The date of its approval by the Governor;

(2) If the bill is neither approved nor vetoed by the Governor, the expiration of the period of time during which the Governor may veto the bill; or

(3) If the bill is vetoed by the Governor and the veto is overridden, the date the last house overrides the veto.

/s/ Education Committee - Senate

APPROVED: 4/11/2006

Appendix B

Assessment Coordination Department Rules

5.01, 5.02, 5.03, 5.04

RULE 5.01
UNIFORM REPORTING OF ASSESSMENTS

STATUTORY AUTHORITY ACA 26-28-108
STATUTORY AUTHORITY ACA 26-28-304

On or before March 15th of each year the Preparer of the Tax Books for each county shall provide a copy of the Abstract of Assessments to the Assessment Coordination Department. Said copy of Abstract of Assessments shall be the same as reported to the Arkansas Department of Education on or before March 15th of each year and shall include the total assessment by school district that was delivered to the County Tax Collector (Tax Books) for tax collection purposes.

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

RULE 5.02
UNIFORM REPORTING OF DELINQUENT TAXES

If not included in the above Abstract of Assessments as defined in rule 6.01, 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 6.0, 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*

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. 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*

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 6.01, 6.02, and 6.03 shall turn such information over to the Preparer of the Tax Book at least 14 days prior to the deadlines specified in Rules 6.01, 6.02, and 6.03. 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

Appendix C

Act 272 of 2007 Regular Session

By: Representatives Kenney, Abernathy, Blount, T. Bradford, Cheatham, Cook, Dickinson, Everett, Harris, J. Johnson, Lamoureux, M. Martin, Norton, Petrus, Pickett, Rainey, Rosenbaum, Saunders, Walters, Wood, Wagner, Adcock, Allen, Anderson, T. Baker, Berry, Bond, Breedlove, E. Brown, J. Brown, Burkes, Burris, Cash, Chesterfield, Cooper, Cornwell, L. Cowling, D. Creekmore, Davenport, Davis, S. Dobbins, Dunn, Edwards, D. Evans, L. Evans, Flowers, Garner, Gaskill, George, Glidewell, R. Green, Greenberg, Hall, Hardwick, Hardy, Harrelson, Hawkins, House, Hoyt, D. Hutchinson, Hyde, Jeffrey, D. Johnson, Key, Kidd, King, W. Lewellen, Lovell, Lowery, Maloch, Maxwell, Medley, Moore, Overbey, Pace, Pate, Patterson, Pennartz, Pierce, Powers, S. Prater, Pyle, Ragland, Reep, Reynolds, J. Roebuck, Rogers, Sample, Schulte, Shelby, L. Smith, Stewart, Sullivan, Sumpter, Thyer, Webb, Wells, Wills, Woods, Wyatt
 By: Senators Broadway, Critcher, Baker, Bookout, B. Johnson, Wilkins, Womack, Argue, Bisbee, G. Jeffress, J. Jeffress, Capps, Lavery, J. Taylor, Salmon, Miller, Hendren

For An Act To Be Entitled

AN ACT IN CONCORDANCE WITH THE 2006 ACT 57 ADEQUACY STUDY; TO AMEND THE PUBLIC SCHOOL FUNDING ACT OF 2003 TO INCREASE THE AMOUNT OF PER STUDENT FOUNDATION FUNDING AND CATEGORICAL FUNDING; TO ENSURE THAT EVERY PUBLIC SCHOOL DISTRICT IN THE STATE RECEIVES THE FULL AMOUNT OF FOUNDATION FUNDING; AND FOR OTHER PURPOSES.

Subtitle

AN ACT TO AMEND THE PUBLIC SCHOOL FUNDING ACT OF 2003 AND TO ENSURE THAT EVERY PUBLIC SCHOOL DISTRICT IN THE STATE RECEIVES THE FULL AMOUNT OF FOUNDATION FUNDING.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. DO NOT CODIFY. ACT 57 COMPLIANCE.

The General Assembly declares this act to be in concordance with the study of the state's system of public education conducted in 2006 by the Adequacy Study Oversight Subcommittee, the House Interim Committee on Education, and the Senate Interim Committee on Education in compliance with Act 57 of the Second Extraordinary Session of 2003.

SECTION 2. Arkansas Code § 6-20-2303(11) through (22), concerning the definitions relating to public school funding, are amended to read as follows:

(11) "Miscellaneous funds" means the average of those funds collected either in the average of the previous five (5) school years or in the previous school year, whichever is less, and reported to the Department of Education by April 15 of each school year, consisting of:

(A) from funds Funds received by a school district from federal forest reserves, federal grazing rights, federal mineral rights, federal impact aid, federal flood control, wildlife refuge funds, severance taxes; and

(B) funds Funds received by the school district in lieu of taxes, and local sales and use taxes dedicated to education pursuant to §§ 26-74-201 et seq., § 26-74-301 et seq., § 26-75-301 et seq., and the Local Government Bond Act of 1985, § 14-164-301 et seq.;

(12)(A) "National school lunch students" means those students or the percentage of enrolled students from low socioeconomic backgrounds as indicated by eligibility for free or reduced-price meals under the National School Lunch Act as determined on October 1 of each previous school year and submitted to the department, unless the school district is identified by the ~~department~~ department as participating in the special assistance certification and reimbursement alternative implemented under 42 U.S.C. § 1759a, as interpreted in 7 C.F.R. § 245.9.

~~(B)(i) If the school district is participating under 42 U.S.C. § 1759a, then for purposes of funding under § 6-20-2305(b), such a school district's annual percentage of national school lunch students shall be equal to the percentage submitted in the base year, which means the last school year for which eligibility determinations were made and meal counts were taken by type except for the 2005-2006 school year as explicated in subdivision (12)(B)(ii) of this section.~~

~~(ii) If a school district received funding for national school lunch students in the 2004-2005 school year as though one hundred percent (100%) of its students were eligible for free meals because of the school district's participation under 42 U.S.C. § 1759a, then that school district shall be funded for the 2005-2006 school year based upon the October 1, 2005, submission by a school district to the department if the school district has completed a new student eligibility determination and submitted that new eligibility determination to the department by October 1, 2005;~~

(13) "Net revenues" means actual revenues received from ad valorem taxes collected on behalf of a school district, multiplied by the uniform rate of tax over the total millage rate of the school district.

~~(13)~~(14) "Previous year" or "previous school year" means the school year immediately

preceding the school year or fiscal year in which funds are allocated;

~~(14)(A)~~(15)(A) "Professional development" means a coordinated set of planned learning activities for teachers and administrators that are standards-based.

(B) Professional development shall result in individual, schoolwide, and systemwide improvement designed to ensure that all students demonstrate proficiency in the state academic standards;

(16) "Quarterly average daily membership" means the average daily membership for one (1) quarter of a school year used for calculating student growth funding and as determined by rule established by the Department of Education;

(17)(A) "Revenues" means:

(i) The following items collected or received on behalf of a school district:

(a) Current year ad valorem taxes; plus

(b) Delinquent ad valorem taxes; plus

(c) Homestead tax credit; plus

(d) Interest earned on any tax funds held in trust; less

(ii) All costs and net commissions relating to the collection of ad valorem taxes authorized by law that are collected or withheld for later distribution by the county offices.

(B) On or before March 31 of each year, the Assessment Coordination Department shall compile the revenues for each school district for the calendar year preceding the end of the school fiscal year.

(C) The calculation of revenues shall be made in accordance with rules established by the Assessment Coordination Department.

~~(15)~~(18) "School district" means a geographic area with an elected board of directors that qualifies as a taxing unit for purposes of ad valorem property taxes under title 26 of the Arkansas Code, which board conducts the daily affairs of public schools pursuant to the supervisory authority vested in it by the General Assembly and title 6 of the Arkansas Code;

~~(16)~~(19) "Secondary vocational area center" means a public secondary vocational institution organized for the specific purpose of educating high school students in specific occupational or vocational areas and serving students from more than one (1) participating school district;

~~(17)~~(20) "Special education catastrophic occurrences" means individual cases in which special education and related services required by the individualized education program of a particular student with disabilities are unduly expensive, extraordinary, or beyond the routine and normal costs associated with special education and related services provided by a school district and funding is pursuant to rules promulgated by the state board;

~~(18)~~(21) "State foundation funding aid" means the amount of state financial aid provided to each school district and computed as the difference between the foundation funding amount established by the General Assembly and the sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district plus ~~seventy-five percent (75%) of the~~ the

miscellaneous funds of the school district;

~~(19)(A)~~(22) "Student growth funding" means the amount of state financial aid provided to each school district from funds made available for ~~that purpose~~ the growth in the average daily membership for the school district.

~~(B)~~ For school years 2005-2006 and 2006-2007, student growth funding is calculated as five thousand four hundred dollars (\$5,400) multiplied by the increase, if any, in the school district's two-quarter average of the average daily membership of the current school year over the local school district's two-quarter average of the average daily membership for the previous school year, excluding any increase resulting solely from consolidation or annexation with another school district;

~~(20)~~(23) "Teachers of the gifted and talented" means individuals certified by the state board to teach students identified as gifted and talented;

~~(21)~~(24) "Technology" means any equipment for instructional purposes that is electronic in nature, including, but not limited to, computer hardware, computer software, Internet connectivity, and distance learning; and

~~(22)~~(25) "Uniform rate of tax" means a uniform rate of ad valorem property tax of twenty-five (25) mills to be levied on the assessed value of all taxable real, personal, utility, and regulated carrier property in the state to be used solely for the maintenance and operation of the public schools as required by Arkansas Constitution, Article 14, § 3, as amended by Arkansas Constitution, Amendments 11, 40, and 74.

SECTION 3. Arkansas Code § 6-20-2305(a) through (b)(4)(A), concerning foundation funding and categorical funding, are amended to read as follows:

(a)(1)(A) For each school year, each school district shall receive state foundation funding aid computed as the difference between the foundation funding amount pursuant to subdivision (a)(2) of this section and the sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district plus ~~seventy-five percent (75%) of the~~ miscellaneous funds of the school district.

(B) The Department of Education shall distribute state foundation funding aid to each school district in eleven (11) equal monthly payments.

~~(2)(A)~~ For the 2005-2006 school year, the foundation funding amount is equal to five thousand four hundred eighty-six dollars (\$5,486) multiplied by the district's average daily membership for the previous school year.

~~(B)(2)(A)~~ For the ~~2006-2007~~ 2007-2008 school year, the foundation funding amount is equal to ~~five thousand six hundred twenty dollars (\$5,620)~~ five thousand seven hundred nineteen dollars (\$5,719) multiplied by the school district's average daily membership for the previous school year.

(B) For the 2008-2009 school year, the foundation funding amount is equal to five thousand seven hundred eighty-nine dollars (\$5,789) multiplied by the school district's average daily membership for the previous school year.

~~(C)~~ For the 2005-2006 school year and the 2006-2007 school year, the

~~foundation funding amount provided under subdivisions (a)(2)(A) and (B) of this section shall be increased by forty-two dollars (\$42.00) multiplied by the district's average daily membership for the previous school year to pay for increased school district costs resulting from the 2005-2006 and 2006-2007 increases in the employer's rate of contribution to the Arkansas Teacher Retirement System from thirteen percent (13%) to fourteen percent (14%).~~

~~(3)(A) During the 2006-2007, school year, a A school district with an that has experienced a decline in average daily membership over the two (2) immediately preceding school years that is less than the school district's previous year's average daily membership shall receive:~~

~~(i) Declining enrollment funding equal to the difference between the average of the two (2) immediately preceding years' average daily memberships and the average daily membership for the previous school year multiplied by five thousand six hundred twenty dollars (\$5,620) the amount of foundation funding set forth in subdivision (a)(2) of this section; or~~

~~(ii) Special needs isolated funding under § 6-20-604.~~

~~(B) Any funding appropriated and available for declining enrollment funding under subdivision (a)(3)(A)(i) of this section or special needs isolated funding under § 6-20-604 that is not distributed under subdivision (a)(3)(A) of this section shall be prorated and distributed equally per average lost student to school districts that meet the qualifications for both declining enrollment funding under subsection (a)(3)(A)(i) of this section and special needs isolated funding under § 6-20-604.~~

~~(C) No school district shall receive both declining enrollment funding under subdivision (a)(3)(A)(i) of this section and student growth funding under § 6-20-2305(c).~~

~~(4)(A) By the end of each school fiscal year, for a school district whose net revenues are less than the sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district, the department shall distribute to the school district the difference between:~~

~~(i) The net revenues of the school district; and~~

~~(ii) The sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district.~~

~~(B) For a school district whose net revenues are more than the sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district, the department, under the authority of § 6-20-2306, shall recoup from the school district an amount equal to the difference between:~~

~~(i) The net revenues of the school district; and~~

~~(ii) The sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district.~~

~~(b)(1) In addition to state foundation funding aid, each school district shall receive funding for additional education categories as provided in subdivisions (b)(2)-(6) of this section subsection (b).~~

~~(2)(A)(i) For school years 2005-2006 and 2006-2007 Beginning with the 2007-2008 school year, alternative learning environment funding and secondary vocational area center funding shall be three thousand two hundred fifty dollars (\$3,250) four thousand sixty-three dollars (\$4,063) multiplied by:~~

~~(i) The~~ the number of identified alternative learning environment students enrolled during the previous school year; ~~and~~

~~(ii) The number of students enrolled in a secondary vocational area center during the previous school year.~~

~~(B)~~(ii) Funding for students in alternative learning environments shall be distributed based on rules promulgated by the State Board of Education.

~~(C)~~(B)(i) Beginning with the 2007-2008 school year, secondary vocational area center funding shall be three thousand two hundred fifty dollars (\$3,250) multiplied by the number of students enrolled in a secondary vocational area center during the previous school year.

(ii) Funding for students in secondary vocational area centers shall be distributed based on rules promulgated by the State Board of Workforce Education and Career Opportunities.

(3)(A) ~~For school years 2005-2006 and 2006-2007, the English-language learners funding~~ Beginning with the 2007-2008 school year, funding for students who are identified as English-language learners shall be one hundred ninety-five dollars (\$195) two hundred ninety-three dollars (\$293) for each identified English-language learner.

(B) Funding for ~~English-language learner students~~ English-language learners shall be distributed to school districts for students who have been identified as not proficient in the English language based upon a state-approved English proficiency assessment instrument.

(C) Funds allocated for English-language learners to school districts under this subchapter shall be expended only for eligible activities as identified in current rules promulgated by the State Board of Education and are a supplement to funding for national school lunch students provided in subdivision (b)(4) of this section.

(4)(A) ~~For school years 2005-2006 and 2006-2007~~ Beginning with the 2007-2008 school year, national school lunch student funding for each identified national school lunch student shall be as follows:

(i) ~~For a school districts district in which ninety percent (90%) or greater of the previous school year's enrolled students are national school lunch students, funding shall be one thousand four hundred forty dollars (\$1,440)~~ one thousand four hundred eighty-eight dollars (\$1,488);

(ii) ~~For school districts in which at least seventy percent (70%) but less than ninety percent (90%) of the previous school year's enrolled students are national school lunch students, funding shall be nine hundred sixty dollars (\$960)~~ nine hundred ninety-two dollars (\$992);

and

(iii) ~~For school districts in which less than seventy percent (70%) of the previous school year's enrolled students are national school lunch students, funding shall be four hundred eighty dollars (\$480)~~ four hundred ninety-six dollars (\$496).

SECTION 4. Arkansas Code § 6-20-2305(b)(5), concerning categorical funding for professional development, is amended to read as follows:

(5)(A) Beginning with school year 2007-2008, Professional professional development funding for school years 2005-2006 and 2006-2007 shall be equal to an amount of up to fifty dollars (\$50.00) multiplied by the school district's previous school year average daily membership.

(B) Funding for professional development for teachers in Arkansas public schools shall be used for professional development ~~training conferences, materials, and other professional development~~ activities and materials that improve the knowledge of teachers, administrators, and paraprofessionals concerning effective instructional strategies, methods, and skills for improving teaching practices and student academic achievement and training for school bus drivers as outlined in rules promulgated by the State Board of Education.

SECTION 5. Arkansas Code Title 6, Chapter 20, Subchapter 23 is amended to add an additional section to read as follows:

6-20-2307. Property tax report.

In order to provide relevant information to the General Assembly impacting the funding of public education, upon approval of the Legislative Joint Auditing Committee, the Division of Legislative Audit shall prepare a report regarding the assessment and collection of property taxes.

SECTION 6. Arkansas Code § 6-20-2305(c), concerning isolated funding, student growth funding, and special education-catastrophic occurrences funding, is amended to read as follows:

(c) Isolated funding under § 6-20-601, student growth funding, and special education-catastrophic occurrences funding shall be funded as follows:

(1) Isolated funding and special education-catastrophic occurrences funding shall be allocated and funded to school districts in a line item appropriation within the Public School Fund pursuant to law or rules promulgated by the State Board of Education-; and

(2)(A) Student growth funding is calculated as the sum of the following amounts:

(i) One quarter (1/4) of the per student foundation funding for the school district under § 6-20-2305(a)(2) multiplied by the increase, if any, of each of the following:

(a) The school district's quarterly average daily membership for the first quarter of the current school year over average daily membership of the previous school year;

(b) The school district's quarterly average daily membership for the second quarter of the current year over the average daily membership of the previous school year;

(c) The school district's quarterly average daily membership for the third quarter of the current school year over the average daily membership of the previous school year; and

(d) The school district's quarterly average daily membership for the fourth quarter of the current school year over the average daily membership of the previous school year; and

(ii) ~~excluding~~ Excluding any increase resulting solely from consolidation

or annexation with another school district.

(B)(i) The State Board of Education shall establish by rule the timing of distributions of student growth funding and the mechanism for determining the quarterly average daily membership to be used in calculating student growth funding under this subsection (c).

(ii)(a) As the fourth quarter average daily membership count will not be available until the following school fiscal year, the final distribution for each school year shall include one half (1/2) of the per student foundation funding for the school district under § 6-20-2305(a)(2) multiplied by the increase, if any, of the school district's quarterly average daily membership for the third quarter of the current school year over the average daily membership of the previous school year.

(b) As a result of calculating the distribution in subdivision (c)(B)(ii)(a) of this section, either an adjustment shall be made in the initial distribution of growth funding for the district in the following school year to be based on the actual fourth quarter growth determined in subdivision (c)(2)(A)(i)(d) or the school district shall refund the overpayment in growth funding.

SECTION 7. Arkansas Code § 6-17-2403(b) and (c), concerning the minimum teacher compensation schedule, is amended to read as follows:

~~(b)(1) In school year 2004-2005, each school district in the state shall have in place a salary schedule with at least the following minimum levels of compensation for a basic contract:~~

Years of Experience	BA Degree Salary	MA Degree Salary
0	\$27,500	\$31,625
1	27,950	32,125
2	28,400	32,625
3	28,850	33,125
4	29,300	33,625
5	29,750	34,125
6	30,200	34,625
7	30,650	35,125
8	31,100	35,625
9	31,550	36,125
10	32,000	36,625
11	32,450	37,125

12	32,900	37,625
13	33,350	38,125
14	33,800	38,625
15	34,250	39,125

~~(2) In school year 2005-2006, each school district in the state shall have in place a salary schedule with at least the following minimum levels of compensation for a basic contract:~~

Years of Experience	BA Degree Salary	MA Degree Salary
0	\$27,940	\$32,131
1	28,390	32,631
2	28,840	33,131
3	29,290	33,631
4	29,740	34,131
5	30,190	34,631
6	30,640	35,131
7	31,090	35,631
8	31,540	36,131
9	31,990	36,631
10	32,440	37,131
11	32,890	37,631
12	33,340	38,131
13	33,790	38,631
14	34,240	39,131
15	34,690	39,631

~~(c) In school year 2006-2007 and each school year thereafter, each school district in the state shall have in place a salary schedule with at least the following minimum levels of compensation for a basic contract:~~

<i>Years of Experience</i>	<i>BA Degree Salary</i>	<i>MA Degree Salary</i>
0	\$28,611	\$32,902
1	29,061	33,402
2	29,511	33,902
3	29,961	34,402
4	30,411	34,902
5	30,861	35,402
6	31,311	35,902
7	31,761	36,402
8	32,211	36,902
9	32,661	37,402
10	33,111	37,902
11	33,561	38,402
12	34,011	38,902
13	34,461	39,402
14	34,911	39,902
15	35,361	40,402

(b) In school year 2007-2008, each school district in the state shall have in place a salary schedule with at least the following minimum levels of compensation for a basic contract:

<i>Years of Experience</i>	<i>BA Degree Salary</i>	<i>MA Degree Salary</i>
0	\$28,897	\$33,231
1	29,347	33,731
2	29,797	34,231
3	30,247	34,731
4	30,697	35,231
5	31,147	35,731
6	31,597	36,231

7	32,047	36,731
8	32,497	37,231
9	32,947	37,731
10	33,397	38,231
11	33,847	38,731
12	34,297	39,231
13	34,747	39,731
14	35,197	40,231
15	35,647	40,731

(c) In school year ~~2006-2007~~ 2008-2009 and each school year thereafter, each school district in the state shall have in place a salary schedule with at least the following minimum levels of compensation for a basic contract:

<i>Years of Experience</i>	<i>BA Degree Salary</i>	<i>MA Degree Salary</i>
0	\$29,244	\$33,630
1	29,694	34,130
2	30,144	34,630
3	30,594	35,130
4	31,044	35,630
5	31,494	36,130
6	31,944	36,630
7	32,394	37,130
8	32,844	37,630
9	33,294	38,130
10	33,744	38,630
11	34,194	39,130
12	34,644	39,630
13	35,094	40,130

14	35,544	40,630
15	35,994	41,130

SECTION 8. NOT TO BE CODIFIED. The amendment to the minimum teacher compensation schedule contained in Section 5 of this act reflects the overall increase in foundation funding. This amendment is a significant step in closing the teacher salary gap. The increased minimum teacher compensation schedule helps in recruiting and retaining teachers in Arkansas. Most importantly, it makes Arkansas more competitive for quality teachers when compared to surrounding states and Southern Regional Education Board member states.

SECTION 9. NOT TO BE CODIFIED. The document attached hereto titled "Education Funding Recommendations for the 2007-2009 Biennium", contains the Education Funding Recommendations of the Adequacy Study Oversight Subcommittee, the House Interim Committee on Education, and the Senate Interim Committee on Education. Since January 22, 2007, when those recommendations were adopted by the House Education Committee and the Senate Education Committee, some calculation errors were identified and recalculations were made. The recalculations are also contained in this document in narrative form. This document and its final recommendations are specifically adopted by the House Education Committee and the Senate Education Committee and recommended to the General Assembly. The document, "Education Funding Recommendations for the 2007-2009 Biennium", shall be filed in the journals of the House and Senate.

SECTION 10. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that the 2006 Act 57 study recommended that foundation funding and categorical funding be increased for the 2007-2008 and 2008-2009 school years; that the method of calculating the state foundation funding aid should be changed to ensure that all public school districts receive the full amount of foundation funding; and that this act is immediately necessary to ensure that public school districts receive adequate foundation funding for the 2007-2008 school year. Therefore, an emergency is declared to exist and this act being immediately necessary for the preservation of the public peace, health, and safety shall become effective on July 1, 2007.

/s/ Kenney

APPROVED: 3/14/2007

Appendix D

Act 1218, Section 10 of 2007 Regular Session

Act 1218 Section 10

of the 2007 Regular Session

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SECTION 10. *SPECIAL LANGUAGE. NOT TO BE INCORPORATED INTO THE ARKANSAS CODE NOR PUBLISHED SEPARATELY AS SPECIAL, LOCAL AND TEMPORARY LAW. CONCERNING TAX COLLECTION DATA NECESSARY TO MEET ADEQUACY. Failure by the preparer of the tax books to report the information necessary to comply with Rule 5.03 of the Rules of the Assessment Coordination Department by February 15 of each calendar year, shall result in the loss of all reappraisal funding provided under ACA 26-26-1907 until the preparer of the tax books complies with Rule 5.03. Such funds shall be forfeited under the following provisions:*

a) Failure to comply with this section shall result in the forfeiture of twenty percent (20%) of the total reappraisal funds every two (2) months of noncompliance;

b) After ten (10) months of noncompliance, the total amount of reappraisal funds shall be forfeited.

c) No county will be relieved of the requirement to reappraise property, and funding will be by local taxing unit sources until such time as the county comes into compliance with this section.

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Appendix E

Sample Template

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COMBINE											
SCHOOL DISTRICTS	LEA NUMBER	NET TAX COLLECTED REAL	NET TAX COLLECTED PERSONAL	NET TAX COLLECTED UTILITY REAL	NET TAX COLLECTED UTILITY PERSONAL	MISC DEBITS/ CREDITS	HOMESTEAD CREDIT	COLLECTOR'S/ TREASURER'S INTEREST	***NET TREASURER'S COMMISSION TAKEN	**EXCESS COLLECTORS COMMISSION	DELINQUENT PERSONAL COLLECTED
DeWitt School District	0101000										
Stuttgart School District	0104000										
Total Schools		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		Rule 6.2.1	Rule 6.2.1	Rule 6.2.1	Rule 6.2.1	Rule 6.2.1	Rule 6.2.1, Rule 6.2.5	Rule 6.2.6	Rule 6.2.7	Rule 6.2.1	Rule 6.2.2 Rule 6.2.8
SCHOOL DISTRICTS	LEA NUMBER	DELINQUENT REAL COLLECTED	COMMISSIONER OF STATE LAND	*COLLECTOR'S COMMISSION (Regular + Homestead)	ASSESSOR'S SALARY AND EXPENSE	COST PRORATED REAL	COST PRORATED PERSONAL	CLERK'S FEES	EQUALIZATION BOARD	REAPPRAISAL EXPENSE	MISC
DeWitt School District	0101000										
Stuttgart School District	0104000										
Total Schools		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		Rule 6.2.3	Rule 6.2.4								

*Collector's Commission should be regular commission plus 4% Homestead Credit Commission

**Excess Collector's Commission reported separately.

***Net Treasurer's Commission Taken is Commission minus Excess Commission.

Receipt of this template does not initiate or imply any financial or legal relationship with the state of Arkansas.

Appendix F

Template Instructions

Completing the Act 27 Reporting Template

Written by the Assessment Coordination Department

November 2007

Completing the Act 27 Reporting Template

Welcome to your customized Act 27 Reporting Template. This document will help you to complete your template with accuracy. The instructions are listed in order of appearance on the template, but are also sectioned into topics that you may scroll through to find specific topics you need clarification for. Each section describes a field to be entered on the template and provides some possible locations for the data needed. These locations may not be the same in every county and therefore, are presented here with the caution that your county may house data differently.

This template represents a three year cycle of data. You will complete the template by the 2008 deadline using the 2007 final tax settlement. This means you will be using data for collections during the calendar year 2007. These collections are from the 2006 assessments.

If you have further questions while completing this report, please do not hesitate to call the Assessment Coordination Department for assistance. You can contact Amy Gilbert at 501-324-9121 or Amy.Gilbert@acd.state.ar.us.

The Act 27 Reporting Template is an Excel file containing three worksheets (tabs). You will only need to enter data on the first tab, "County Data Entry." The other two tabs, "Calculations" and "Report," are automatically calculated based on your entries in the first tab. Here is a basic description of each worksheet:

County Data Entry – This is the worksheet the county must complete. All fields to be entered by the county are highlighted in yellow. The data entered should be for 2007 collection information. This worksheet is subdivided into four sections: Real Estate, Personal Property, Utility Real/Personal, and Combine.

Calculations – This worksheet contains all of the formulas needed to calculate the disbursement rates from the data entered. No changes or entries are needed on this tab.

Report – This tab can be viewed by the county as an estimation of its disbursement rates. There will be some differences between these rates and those that will be calculated by ACD. These differences result from ACD using the original charges on the Abstract of Assessment submitted to the Department of Education. These differences should be minor. No changes or entries are needed on this tab.

This template has been customized for your county. The county name has been entered. Also, the county's school districts have been entered, including any fringe districts. The district names come from the Department of Education. If there are any issues with these names (school districts missing from the template, county reports consolidated districts separately, etc.) please contact ACD. Note: each school district should only be listed once with all of its millages combined.

Column totals are automatically calculated on the template. There is no need for the county to enter these sums.

All formulas contained in the template serve a specific purpose. Please do not edit or delete any cells or formulas on the template.

REAL ESTATE SECTION

Millage Rate – Enter each school district’s millage rate. The millage rate should be school district millage only. Enter the millage rate as mils. For example, a millage rate of .0345 should be entered as 34.5 mils on the template. This figure should be found on the 2007 final tax settlement.

Original Charge Valuation – Enter each school district’s original charge real estate valuation. This is the total (2006) assessments for real estate property for that school district in your county. This figure should be found on the 2007 final tax settlement.

The template will calculate the original charge tax dollar amount.

Added Real Valuation – Enter each school district’s added real estate valuation. This is the (2006) assessment value added to the original charge valuation for real estate property for that school district in your county. This figure should be found on the 2007 final tax settlement.

The template will calculate the added tax dollar amount.

Errors and Credits Valuation – Enter each school district’s errors and credits real estate valuation. This is the (2006) assessment value to be subtracted from the original charge valuation for real estate property for that school district in your county. Enter errors and credits as a positive number. The template will subtract appropriately. This figure should be found on the 2007 final tax settlement.

The template will calculate the errors tax dollar amount.

Disabled Veterans Valuation – Enter each school district’s disabled veterans real estate valuation. This is the (2006) assessment value contained in the original charge that is owned by disabled veterans. Enter the disabled veterans as a positive number. The template will subtract appropriately. This figure should be found on the 2007 final tax settlement.

The template will calculate the disabled veterans tax dollar amount.

PERSONAL PROPERTY SECTION

Millage Rate – Enter each school district’s millage rate. The millage rate should be school district millage only. Enter the millage rate as mils. For example, a millage rate of .0345 should be entered as 34.5 mils on the template. This figure should be found on the 2007 final tax settlement.

Original Charge Valuation – Enter each school district’s original charge personal property valuation. This is the total (2006) assessments for personal property for that school district in your county. This figure should be found on the 2007 final tax settlement.

The template will calculate the original charge tax dollar amount.

Added Real Valuation – Enter each school district’s added personal property valuation. This is the (2006) assessment value added to the original charge valuation for personal property for that school district in your county. This figure should be found on the 2007 final tax settlement.

The template will calculate the adds tax dollar amount.

Errors and Credits Valuation – Enter each school district’s errors and credits personal property valuation. This is the (2006) assessment value to be subtracted from the original charge valuation for personal property for that school district in your county. Enter errors and credits as a positive number. The template will subtracted appropriately. This figure should be found of the 2007 final tax settlement.

The template will calculate the errors tax dollar amount.

Disabled Veterans Valuation – Enter each school district’s disabled veterans personal property valuation. This is the (2006) assessment value contained in the original charge that is owned by disabled veterans. Enter the disabled veterans as a positive number. The template will subtract appropriately. This figure should be found on the 2007 final tax settlement.

The template will calculate the disabled veterans tax dollar amount.

UTILITY SECTION

Millage Rate – Enter each school district’s millage rate. The millage rate should be school district millage only. Enter the millage rate as mils. For example, a millage rate of .0345 should be entered as 34.5 mils on the template. This figure should be found on the 2007 final tax settlement.

Utility Real Original Charge Valuation – Enter each school district’s original charge utility real estate valuation. This is the total (2006) assessments for utility real estate property for that school district in your county. Many counties place all utility property in utility personal. In this situation, the utility real estate will be blank. This figure should be found on the 2007 final tax settlement.

The template will calculate the original charge tax dollar amount.

Utility Personal Original Charge Valuation - Enter each school district’s original charge utility personal valuation. This is the total (2006) assessments for utility personal property for that school district in your county. This figure should be found on the 2007 final tax settlement.

The template will calculate the original charge tax dollar amount.

Utility Added Personal Valuation – Enter each school district’s added utility personal valuation. This is the (2006) assessment value added to the original charge valuation for utility personal property for that school district in your county. This figure should be found on the 2007 final tax settlement.

The template will calculate the added tax dollar amount.

Utility Errors Personal Valuation – Enter each school district’s errors for utility personal property valuation. This is the (2006) assessment value to be subtracted from the original charge valuation for utility personal property for that school district in your county. Enter errors as a positive number. The template will subtract appropriately. This figure should be found on the 2007 final tax settlement.

The template will calculate the errors tax dollar amount.

COMBINE SECTION

Net Tax Collected Real – Enter each school district’s net tax collected for real estate property. This is the **total tax dollars collected** in the 2007 calendar year for 2006 assessments. This figure should be found on the 2007 final tax settlement.

Net Tax Collected Personal – Enter each school district’s net tax collected for personal property. This is the **total tax dollars collected** in the 2007 calendar year for 2006 assessments. This figure should be found on the 2007 final tax settlement.

Net Tax Collected Utility Real – Enter each school district’s net tax collected for utility real estate property. This is the **total tax dollars collected** in the 2007 calendar year for 2006 assessments. This figure will be blank if the county values all utility property as utility personal. This figure should be found on the 2007 final tax settlement.

Net Tax Collected Utility Personal – Enter each school district’s net tax collected for utility personal property. This is the **total tax dollars collected** in the 2007 calendar year for 2006 assessments. This figure should be found on the 2007 final tax settlement.

Misc Debits/Credits – Enter any other **dollars received** by each school district from sources not accounted for anywhere else on this template. This is additional funds received and will be added to the total county funds.

Homestead Credit – Enter each school district’s Homestead credit. This is the **dollar amount received** by the school district from the state as payment for property taxes. This figure should be found on the 2007 final tax settlement.

Collector’s/Treasurer’s Interest – Enter the **dollar amount received** by each school district from collector’s and/or treasurer’s interest. This is the dollar amount earned in interest from collector’s and/or treasurer’s accounts during the 2007 calendar year. This figure may be found on the 2007 final tax settlement.

Net Treasurer’s Commission Taken – Enter net treasurer’s commission **dollar amount prorated** to each school district. This is the total treasurer’s commission minus any excess that was returned to county funds. In most cases, excess commissions are returned to county funds in March for the previous calendar year. Therefore, this entry should be the current year’s total treasurer’s commission minus any excess from the previous year that was returned to county funds in the current year (i.e. 2007 total treasurer’s commission minus 2006 excess returned in 2007). This figure may be found in the treasurer’s office.

COMBINE SECTION CONT'D.

Excess Collector's Commission – Enter excess collector's commission **dollar amount received** by each school district. This is the dollar amount returned to county funds from the collector's commission. In most cases, excess commissions are returned to county funds in March for the previous calendar year. Therefore, this entry should be the previous year's excess returned to county funds in the current year (i.e. 2008 report will show 2006 excess returned in 2007). This figure may be found in the collector's office.

Delinquent Personal Collected – Enter each school district's tax collected for delinquent personal property. This is the **total tax dollars collected** in the 2007 calendar year for late assessments. This includes all delinquent collections regardless of assessment year for which they were paid. Penalty fees may also be included in this figure.

Delinquent Real Collected - Enter each school district's tax collected for delinquent real estate property. This is the **total tax dollars collected** in the 2007 calendar year for late assessments. This includes all delinquent collections regardless of assessment year for which they were paid. Penalty fees may also be included in this figure.

Commissioner of State Lands – Enter the **dollar amount received** by each school district from the State Land Commissioner. This figure includes funds created from the redemption of property certified to the state in the 2007 calendar year.

Collector's Commission – Enter the **dollar amount prorated** to each school district for the collector's commission. This is the total dollar amount used to fund the collector's office for the 2007 calendar year. This is not a net figure; excess commission is entered separately on the template (see Excess Collector's Commission). This figure should be the total of regular Collector's Commission and the 4% Collector's Commission on Homestead Credit dollars received.

Assessor's Salary and Expense – Enter the **dollar amount prorated** to each school district for the assessor's salary and expense. This figure includes all money used to staff and operate the assessor's office. This figure should be found on the 2007 final tax settlement.

Cost Prorated Real – Enter the **dollar amount prorated** to each school district for the cost of collecting real estate taxes. This includes expenses incurred above office operations and salaries (i.e. newspaper advertising). This figure should be found on the 2007 final tax settlement.

COMBINE SECTION CONT'D.

Cost Prorated Personal - Enter the **dollar amount prorated** to each school district for the cost of collecting personal property taxes. This includes expenses incurred above office operations and salaries (i.e. newspaper advertising). This figure should be found on the 2007 final tax settlement.

Clerk's Fees – Enter **dollar amount prorated** to each school district for clerk's fees. This figure should be found on the 2007 final tax settlement.

Equalization Board – Enter **dollar amount prorated** to each school district for Equalization Board expenses.

Reappraisal Expense – Enter **dollar amount prorated** to each school district for reappraisal expenses. This is county funds spent on reappraisal above the state funded \$7 per parcel per year. A county whose reappraisal is completely paid for by state funds will not have this expense.

Misc – Enter other **dollar amounts prorated** to each school district for miscellaneous expenses not accounted for anywhere else on this template. This is additional funds prorated and will be subtracted from total county funds.

Appendix G

2007 Template Workshop Dates



ACD Template Workshops

November 14, 2007

November 15, 2007

November 19, 2007

November 20, 2007

November 27, 2007

November 28, 2007

December 10, 2007

December 11, 2007

Morning & Afternoon sessions on each date.

Attend only one session.



Appendix H

Property Tax Cycle Diagram



Property Tax Cycle



Jan 1

Feb 15

March 1

March 15

June

July

Oct 10

2007

07
Collections
Open (for 06
assessed)

06 Abstract of
Assessments to
ACD and DOE

State Aid for
07/08 School
Year
Calculated

2007
Collections
Closed

2008

07 Tax
Settlement
(for 06
assessed)

07 Collections
Report (for 06
assessed)

08
Collections
Open (for
07
assessed)

08 Abstract of
Assessments to
ACD and DOE

State Aid for
07/08 School
Year Corrected

State Aid for
08/09 School
Year
Calculated

2008
Collections
Closed

2009

08 Tax
Settlement
(for 07
assessed)

08 Collections
Report (for 07
assessed)

09
Collections
Open (for
08
assessed)

09 Abstract of
Assessments to
ACD and DOE

State Aid for
08/09 School
Year Corrected

State Aid for
08/09 School
Year
Calculated