

1 State of Arkansas  
2 95th General Assembly  
3 Regular Session, 2025  
4

As Engrossed: H2/27/25

## A Bill

HOUSE BILL 1386

5 By: Representatives Cavanaugh, Lundstrum  
6 By: Senator J. Bryant  
7

### For An Act To Be Entitled

9 AN ACT TO AMEND THE LAW CONCERNING THE ASSESSMENT OF  
10 PROPERTY; TO AMEND THE LAW CONCERNING SUBSTANTIAL  
11 IMPROVEMENTS TO REAL PROPERTY; TO AMEND THE METHOD OF  
12 VALUATION FOR REAL PROPERTY UNDER ARKANSAS  
13 CONSTITUTION, ARTICLE 16, § 5; AND FOR OTHER  
14 PURPOSES.  
15  
16

### Subtitle

18 TO AMEND THE LAW CONCERNING THE  
19 ASSESSMENT OF PROPERTY; TO AMEND THE LAW  
20 CONCERNING SUBSTANTIAL IMPROVEMENTS TO  
21 REAL PROPERTY; AND TO AMEND THE METHOD  
22 OF VALUATION FOR REAL PROPERTY UNDER  
23 ARKANSAS CONSTITUTION, ARTICLE 16, § 5.  
24

25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
26

27 SECTION 1. Arkansas Code § 26-26-1122(a), concerning the definitions  
28 to be used in relation to Arkansas Constitution, Amendment 79, and the  
29 assessment of property, is amended to add an additional subdivision to read  
30 as follows:

31 (6)(A) "Substantial improvement" means an improvement to real  
32 property that increases the assessed value of the real property by at least  
33 twenty-five percent (25%).

34 (B) "Substantial improvement" does not include necessary  
35 repairs made to real property to remedy damage done to the real property as  
36 the result of a natural disaster except to the extent the repairs to the real



1 property use materials or components, or both, that are of a higher quality  
2 and value than the materials and components used in the real property that  
3 was damaged.

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5 SECTION 2. Arkansas Code § 26-26-1122(b), concerning the definitions  
6 to be used in relation to Arkansas Constitution, Amendment 79, and the  
7 assessment of property, is amended to read as follows:

8 (b) The Assessment Coordination Division may by rule define ~~the term~~  
9 ~~“substantial improvements”~~ and any other term necessary to administer this  
10 subchapter.

11  
12 SECTION 3. Arkansas Code § 26-26-1202(a)(1), concerning the procedures  
13 for the valuation of property, is amended to read as follows:

14 (a)(1)(A) Each separate parcel of real property shall be valued at its  
15 true market value in money, excluding the value of crops growing thereon.

16 (B) Only real property located in the state shall be  
17 considered in determining the true market value of residential real property.

18 (C) Real property located outside of the state may be  
19 considered in determining the true market value of commercial real property  
20 only if there is no comparable commercial real property located in the state.

21  
22 SECTION 4. EFFECTIVE DATE. Sections 1-3 of this act are effective for  
23 assessment years beginning on or after January 1, 2025.

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25 /s/Cavenaugh

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28 **APPROVED: 3/25/25**