



**State of Arkansas
Department of Finance and Administration
Fiscal Impact Statement**

Bill: HB1599

Bill Subtitle: TO PROVIDE FOR CERTAIN PROPERTY TO BE EXEMPT FROM TAXATION.

Sponsors:

Rep. Torres and Sen. Wallace

Basic Change:

HB1599 exempts motor vehicles leased by a public charity for a minimum of one year from property tax.

Under current law, buildings belonging to institutions of purely public charity, the land occupied by those institutions, and all moneys and credits appropriated to sustaining those institutions, are exempt from ad valorem tax. HB1599 expands the exemption to include motor vehicles leased by an institution of public charity for a term of at least 12 months.

HB1599 is effective for assessment years beginning on or after January 1, 2026.

Fiscal Impact:

No impact to state revenues. Counties may see a decrease in property tax collections.

Taxpayer Impact:

A motor vehicle leased by an institution of public charity for a term of at least 12 months would be exempt from property tax.

Resources Required:

Additional training for county assessors and other personnel may be required.

Time Required:

Adequate time is provided for implementation.

Procedural Changes:

County assessors may need to update their office policies for exemption applications.

Other Comments:

None.

Legal Analysis:

HB1599 may benefit from an amendment to add the word "purely" before "public charity" in lines 26-27. HB1599 may also benefit from an amendment to address the permissible use of the motor vehicles leased by the public charity.



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Ark. Const. Art. 16, § 6 provides that "all laws exempting property from taxation, other than as provided in this Constitution shall be void." Ark. Const. Art. 16, § 5 provides an exemption for "buildings and grounds and materials used exclusively for public charity." The Constitution does not appear to contain an exemption for motor vehicles leased by an institution of public charity.