



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

Bill: HB1715

Bill Subtitle: TO LIMIT THE INCREASE IN THE ASSESSED VALUE OF REAL PROPERTY AFTER A SALE OR OTHER TRANSFER OF REAL PROPERTY.

Sponsors:

Rep. Lundstrum and Sen. Bryant

Basic Change:

HB1715 places a limit on the amount the assessed value of real property may increase following a sale or transfer. Under HB1715, for the first assessment following the sale or transfer, the assessed value of real property may not increase more than:

- 5% above the taxable value of the real property if the real property is a homestead and is used as the taxpayer's principal place of residence; or
- 10% above the taxable value of the real property if the real property is not a homestead used as the taxpayer's principal place of residence.

"Taxable value" is defined as the value on which the seller of the real property is assessed property tax as of the date of the sale or other transfer of the real property.

HB1715 is effective for assessment years beginning on or after January 1, 2026.

Fiscal Impact:

Local property tax collections could decrease or remain stagnate especially for communities with a higher than average over 65 population.

Taxpayer Impact:

Following the sale of real property, the buyer would be allowed to benefit from a previous owners' assessed value limitations.

Resources Required:

County software would require programming updates. Education of county personnel and updating educational materials and courses supplied by the Assessment Coordination Division of the Department of Finance and Administration (DFA).

Time Required:

Software providers may require additional time for necessary program changes.

Procedural Changes:

County Assessors will need to change how property transfers are entered and train their personnel on the new procedures. Taxpayers will need to be educated on the changes and how it may affect them in future real estate transactions.



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

Bill: HB1715

**Bill Subtitle: TO LIMIT THE INCREASE IN THE ASSESSED VALUE OF REAL PROPERTY AFTER
A SALE OR OTHER TRANSFER OF REAL PROPERTY.**

Other Comments:

None.

Legal Analysis:

HB1715 may benefit from an amendment to address § 26-26-1123, which provides that "when a person sells his or her real property, the county assessor shall assess the real property at twenty percent (20%) of the appraised value at the next assessment date after the date of the transfer of title to the real property."