

FINAL TAX SETTLEMENT

2025

**PRESENTED BY:
ARKANSAS LEGISLATIVE AUDIT**

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Final Tax Settlement Timeline

Year 1 (Assessment Year)

January

❖ Assessment process begins

- From January 1 to May 31 (or the following business day if May 31 falls on a Saturday, Sunday, or postal holiday), the assessor assesses all personal property. (Ark. Code Ann. § 26-26-1408)
- From January 1 to July 1, the assessor assesses all real property. (Ark. Code Ann. § 26-26-1101)

November

- In November, the quorum court levies millage rates for all taxing entities. (Ark. Code Ann. § 14-14-904)

Final Tax Settlement Timeline

Year 2 (Collection Year)

February

- On or before February 1 of each year, the preparer of tax books shall make out and deliver the tax books to the county collector. (Ark. Code Ann. § 26-28-108)

March

- On the first business day of March, the collector opens the tax books for collection. Under certain conditions, the collector may open the tax books before the first business day of March. (Ark. Code Ann. § 26-36-201)
- On March 31, the first homestead tax credit report is due to DFA. (Ark. Code Ann. § 26-26-310)

June

- By June 30, the second homestead tax credit report is due to DFA (Ark. Code Ann. § 26-26-310)

Final Tax Settlement Timeline

Year 2 (Collection Year) (Cont.)

July

- No later than July 1 of each year, the sheriff or collector shall mail tax statements. (Ark. Code Ann. § 26-35-705)

October

- Final installment of taxes is due and payable no later than October 15. (Ark. Code Ann. § 26-35-501)

November

- By November 15, the third homestead tax credit report is due to DFA. (Ark. Code Ann. § 26-26-310)

December

- No later than December 1, the collector delivers a list of delinquent real estate (Ark. Code Ann. § 26-37-107) and a list of delinquent personal property (Ark. Code Ann. § 26-26-203) to newspaper.

Final Tax Settlement

	<u>Real Estate</u>	<u>Personal</u>	<u>Utilities</u>
	Original Charge	Original Charge	Original Charge
+	Adds	Adds	Adds
-	Errors	Errors	Errors
-	DAVS	DAVS	
+	Redeemed Real		
-	Delinquent	Delinquent	Delinquent
-	Voluntary Refused	Voluntary Refused	Voluntary Refused
=	Net Valuation & Pre-Credit Tax	Net Valuation & Tax	Net Valuation & Tax
-	Homestead Credit		
+	Delinquent Homestead Credit		
=	Post Credit Tax	Net Valuation & Tax	Net Valuation & Tax
	Road Adjustment	Road Adjustment	Road Adjustment
=	Adjusted Net Tax	Adjusted Net Tax	Adjusted Net Tax

Final Tax Settlement

Total Net Tax (Sum of adjusted Real, Personal, and Utilities)

+

Adjustments (Late Assessment Fees, Penalties, Cost)

=

Post Credit Total Net Tax (Total Tax Collected)

+

Real Estate Late Payment Penalty

+

Collector's And Treasurer's Interest

-

Collector's Commission, Assessor's Salary and Expense,
Reappraisal Expense, Cost Prorated Real, Cost Prorated Personal,
Clerk's Fees, Equalization Board, Collector's Bond

=

Amount Due Accounts

-

Prior Distributions

=

FINAL DISTRIBUTION

Final Tax Settlement

Collector's Commission and Rate Sheet

- ❖ **Collector's Commission:** These are commissions taken to cover the collector's office expense and should be prorated on Post-Credit Total Net Tax based on the rates calculated. A statutory limitation of 4% is placed on Collector's Commission. (Ark. Code Ann. § 21-6-305)
- ❖ **Assessor's Salary and Expense:** These are commissions taken to cover the cost of maintaining the assessor's office less assessor's fees collected and should be prorated on Pre-Credit Total Net Tax less the improvement tax based on rates calculated. Assessor's Salary and Expense is reimbursed dollar for dollar, with no statutory limitation. (Ark. Code Ann. § 14-15-203, -204)
- ❖ **Reappraisal:** Any expenses associated with property reappraisal in excess of the amount reimbursed from the State should be prorated in the same way as Assessor's Salary and Expense.

Final Tax Settlement

Collector's Commission and Rate Sheet (Cont.)

- ❖ **Cost Prorated Real and Personal:** Made to distribute uncollected costs associated with advertising delinquent property; rate is based on delinquent real tax and delinquent personal tax, respectively.
- ❖ **Clerks Fees**
- ❖ **County EQ Board:** Made to reimburse expense of Board to General Fund.

Amendment 79 Sales Tax

- Amendment 79 sales tax and property tax are two completely separate things.
- However, the Amendment 79 credit given to taxpayers must be removed from original charge on the county's final tax settlement.
- The amount of sales tax received by the county is determined by the certification made to the State by the tax collector.
- Amendment 79's implementing legislation calls for homestead credit certifications to be made three times each year: March 31, June 30, and November 15.
- In no event shall the amount of Amendment 79 sales tax distributed to the counties exceed the final amount certified by the collector as of November 15.

Amendment 79 Sales Tax (Cont.)

- Once the final certification is made, a ratio should be determined based on the amount that is due each taxing unit as related to the total amount due the county.
- Care should be taken to ensure monthly distribution of sales tax is as accurate as possible. The more accurate the March, June, and November certifications are, the more accurate the monthly settlements will be.
- It is important to calculate the final sales tax distribution ratio as soon as possible after the November 15 certification. Should material errors have been made in previous certifications, this will allow the county time to correct them before the final sales tax payment from the State is received.

Excess Commissions

EXCESS COLLECTOR'S COMMISSION

- Excess collector's commission is the result of the difference between the computed collector's commission and the expenses of the collector's office, with the office expenses being reduced by the cost collected, advertising costs prorated real and personal, and postage. Be sure to include all relevant collector's expenses, including accruals, for a complete and accurate distribution of excess commissions.
- Act 1215 of 2001 established the Collector's Automation Fund. This allows a maximum of 10% of gross commissions to be set aside and restricted to operate the office of county collector; to cover administrative costs; and to purchase, maintain, and operate an automated record keeping system. (Ark. Code Ann. § 21-6-305)
- Expenses of the Collector's Automation Fund **CANNOT** be used in subsequent years to reduce excess commissions to be distributed back to the taxing units.
- This computation should be done separate from the final tax settlement.

Excess Commissions

EXCESS ASSESSOR'S SALARY AND EXPENSE

- Excess Assessor's Salary and Expense is the result of the difference between estimated assessor's office expenses prorated on the final tax settlement, less assessor's fees (unless the County has established an Assessor's Late Assessment Fee Fund per Ark. Code Ann. § 26-26-201), and the actual office expenses. Be sure to include all relevant assessor's expenses, including accruals, for a complete and accurate distribution of excess commissions
- Any assessor's expenses paid with the Amendment 79 "Property Tax Relief Assessor's Commission" revenue paid from the State or paid with the Assessor's Late Assessment Fee Fund **WOULD NOT** be included.
- This computation should be done separate from the final tax settlement.