

**Tax Division  
Arkansas  
Public Service Commission  
P.O. Box 8021  
Little Rock, Arkansas 72203**



**Biennial Report**

**For The Years**

**2007 - 2008**

**Paul Suskie**  
Chairman  
(501) 682-1451

**Daryl E. Bassett**  
Commissioner  
(501) 682-1453

**Colette D. Honorable**  
Commissioner  
(501) 682-1455

**ARKANSAS  
PUBLIC SERVICE COMMISSION  
TAX DIVISION**

1000 Center Street  
P.O. Box 8021  
Little Rock, Arkansas 72203-8021  
Phone (501) 682-1231 Fax (501) 682-6015  
E-mail: [tax@psc.state.ar.us](mailto:tax@psc.state.ar.us)



**Sarah M. Bradshaw**  
Director  
(501) 682-1231

December 1, 2008

The Honorable Mike Beebe  
Governor  
State Capitol Building  
Little Rock, AR 72201

Dear Governor Beebe:

Pursuant to the provisions of Ark. Code. Ann. §26-24-121, the Tax Division of the Arkansas Public Service Commission submits herewith its Biennial Report for the years 2007 - 2008. This report shows the assessed value of the property of utilities and carriers certified to the various county assessors for placement on the tax rolls, and the assessed value of the property of certain carriers certified to the Department of Finance and Administration for collection of the tax.

The tax revenue resulting from utility and carrier assessments provides an important source of monetary support for the schools, cities, and counties of Arkansas. The annual tax revenue resulting from the assessments certified to the Department of Finance and Administration is used to partially fund the Tax Division, the Assessment Coordination Department, and the Counties and Municipalities Section of Legislative Audit.

The assessments upon utility and carrier property in Arkansas as determined by the Tax Division have increased from \$2,915,533,750 in 2007 to approximately \$3,120,229,530 in 2008. This is an increase of \$204,695,780 in the two-year period and represents, an approximate gain of 6.56% in assessed value.

Sincerely,

A handwritten signature in black ink, appearing to read "Sarah M. Bradshaw", written over a horizontal line.

Sarah M. Bradshaw  
Director  
Tax Division, P.S.C.

SMB/st

## TABLE OF CONTENTS

Letter from the Director - - - - -	1
Table of Contents - - - - -	2
Mission Statement - - - - -	3
Introduction - - - - -	4
History and Agency Organization - - - - -	5
Assessment Process - - - - -	6
Three Year Comparison - - - - -	8
Ten Year Comparison - - - - -	9
County Comparison - - - - -	10

## MISSION STATEMENT

The Arkansas Public Service Commission is a pro-active, solutions-oriented agency that maximizes customer value and enhances the economic environment of the state. This is done by ensuring safe, reliable and reasonably-priced utility service; educating consumers to make independent and informed choices; and ensuring the fair and equitable ad valorem assessment and equalization of public utility and carrier property.

It is the mission of the Arkansas Public Service Commission Tax Division to efficiently and effectively render ad valorem assessments for utilities and carriers; to perform all duties regarding the ad valorem assessment of public utility and carrier property in a manner that is fair and equitable to all stakeholders; and to conduct its business in a manner that is responsive to all stakeholders and worthy of public trust.

## INTRODUCTION

The Tax Division of the Arkansas Public Service Commission is responsible for performing all functions and duties regarding the annual assessment, for property tax purposes, of public utilities and carriers operating in Arkansas.

During 2008, the Tax Division valued the real and personal property of 364 telecommunications companies and their operating subsidiaries, 31 cable television companies and their operating subsidiaries, 31 electric companies and cooperatives, 13 gas companies, 7 pipeline companies, 2 water companies, 25 railroads, 393 private car companies, 20 airlines, 13 barge lines and 54,159 motor carriers for the purpose of ad valorem assessment. The market value of the utilities and carriers evaluated by the Tax Division in 2008 was approximately \$15,600,000,000, which represents an assessed value of approximately \$3,120,000,000 and an estimated property tax of approximately \$142,615,000.

In 2007, the Tax Division valued the real and personal property of over 57,260 utilities and carriers. The assessed value of the utilities and carriers in 2007 was approximately \$2,915,000,000 and the estimated property tax on the assessed value was approximately \$133,244,000.

The property tax revenue resulting from the assessments made by the Tax Division is a significant source of monetary support for the schools, cities, and counties of Arkansas. In addition, Ark. Code Ann. § 26-26-1616 provides for an Ad Valorem Trust Fund, which is funded from revenues resulting from the Tax Division's assessments on carriers. The Ad Valorem Trust Fund is used to fund the Counties and Municipalities Section of Legislative Audit, the Assessment Coordination Department, and the Tax Division. The State Treasurer may transmit the remainder of the Fund to the respective counties in the state.

## HISTORY

The origin of the Tax Division of the Arkansas Public Service Commission can be traced to Act 114 of 1883. That year, the General Assembly, under the authority of Article 16, Section 5, of the Constitution of 1874, created the Board of Railroad Commissioners. The Board was vested with the power of original assessment of certain railroad properties for the purpose of taxation. Subsequent acts have broadened the responsibilities of the Tax Division and placed the administration and enforcement of the property tax laws related to public utilities and carriers under the direction and supervision of the Arkansas Public Service Commission. In the years following the passage of Act 114 of 1883, the Tax Division's assessment responsibilities have been expanded to include the assessment of airlines, motor carriers, barge lines and utilities operating within the state of Arkansas, as well as railroads.

## AGENCY ORGANIZATION

The Tax Division's authorized budget for fiscal year 2007 - 2008 is \$1.4 million. However, \$400,000 of the Tax Division budget is in a contingency fund for tax assessment appeals. The Tax Division must have prior approval to access the contingency fund. The Division is authorized to employ a staff of fifteen full-time employees and five part-time employees. The Tax Division's positions include a Director, an Assistant Director, an Assistant Director Motor Carrier Programs, a Financial Analyst, a Program Support Manager, two Management Project Analysts, a Research Project Analyst, an Accountant, an Administrative Assistant, two Tax Division Valuation Analyst II positions, and three Tax Division Valuation Analyst I positions, and five part-time positions.

## ASSESSMENT PROCESS

Each year, the Tax Division mails Annual Report forms to the utilities and carriers to obtain the information needed for the assessment process. The companies are required to file the completed forms with the Tax Division by March 1, with the exception of motor carrier companies, which are required to file the completed report forms by March 31, and private railroad car companies, which are required to file the completed report forms by April 1. For good cause, utilities and carriers may be granted an extension of not more than sixty days to file Annual Report forms. Companies that fail to file their Annual Report form within the time required are considered delinquent and are subject to penalties prescribed by law.

After the Annual Report forms are filed, the Tax Division begins the assessment process. In assessing each of the various types of utilities and carriers, the Tax Division must consider the economic and financial factors,

which impact the various industries, as well as those factors, which may affect a specific company's valuation. To accomplish this, the personnel within the Tax Division must have specialized knowledge of the industries assessed and stay abreast of the rapid economic, regulatory and technological changes taking place in the utility and carrier industries. As part of the assessment process, the Tax Division holds informal pre-assessment hearings when such hearings are requested by utilities or carriers.

After the assessments are determined by the Tax Division, the utility assessments are submitted to the Arkansas Public Service Commission for approval and the carrier assessments are submitted to the Arkansas State Highway Commission for approval. Once the respective Commissions approve the assessments, a notice of assessment is mailed to each of the utilities and carriers assessed by the Tax Division. The utilities and carriers then have a ten (10) day period to file a formal appeal. When the appeal period

has ended, the final assessment amounts are certified on or before July 15<sup>th</sup> to the various County Assessors to be placed on the tax rolls, with the exception of the carrier assessments, which are certified at a later date to the Department of Finance and Administration. Appropriate millage rates are later applied to the assessments by the proper officials to produce the tax amounts to be billed and collected.

When a utility or carrier files a timely petition for review disputing its assessment, a hearing on the petition is held before the appropriate commission. Currently, there are ten tax appeals pending before the Public Service Commission. The decisions of the Public Service Commission and the decisions of the Highway Commission on review of utility or carrier assessments may be appealed to the Pulaski County Circuit Court. The Circuit Court's decision on an assessment appeal may be appealed to the Arkansas Supreme Court.



### THREE YEAR COMPARISON 2006 - 2008

CLASS OF PROPERTY	2006 ASSESSED VALUE	2007 ASSESSED VALUE	2008 ASSESSED VALUE	GAIN OR LOSS
AIRLINE REAL	0	0	0	-
AIRLINE (SITUS)	1,251,210	3,238,530	1,040,240	(2,198,290)
BARGE LINE (SITUS)	36,880	36,880	36,810	(70)
CABLE TELEVISION	101,062,010	117,817,100	136,160,960	18,343,860
CELLULAR TELEPHONE	247,060,020	239,611,600	333,641,000	94,029,400
ELECTRIC COOPERATIVE	423,243,810	452,940,860	466,328,180	13,387,320
GAS TRANSMISSION	227,574,000	240,692,200	269,445,000	28,752,800
MOTOR CARRIER (REAL)	6,242,920	6,826,190	8,602,440	1,776,250
PRIVATE CAR (SITUS)	1,270,650	1,350,300	1,823,750	473,450
PRIVATE ELECTRIC	793,570,500	807,763,400	844,960,000	37,196,600
PIPELINE	29,394,940	29,667,000	31,818,290	2,151,290
RAILROAD	190,973,720	203,180,440	217,934,180	14,753,740
RESELLER TELEPHONE	1,327,200	1,104,780	1,586,040	481,260
TELEPHONE	398,733,590	415,590,910	382,754,800	(32,836,110)
WATER COMPANY	4,122,800	4,075,000	4,301,800	226,800
<b>TOTAL CERTIFIED TO COUNTIES</b>	<b>2,425,864,250</b>	<b>2,523,895,190</b>	<b>2,700,433,490</b>	<b>176,538,300</b>
AIRLINE	32,724,780	29,888,700	34,974,790	5,086,090
BARGE LINE	10,981,270	14,719,710	14,964,120	244,410
MOTOR CARRIER	319,075,078	336,768,390	360,109,920	23,341,530
PRIVATE CAR	9,975,610	10,261,760	9,747,210	(514,550)
				-
<b>TOTAL CERTIFIED TO D.F.A.</b>	<b>372,756,738</b>	<b>391,638,560</b>	<b>419,796,040</b>	<b>28,157,480</b>
<b>GRAND TOTAL</b>	<b>2,798,620,988</b>	<b>2,915,533,750</b>	<b>3,120,229,530</b>	<b>204,695,780</b>

## TEN YEAR COMPARISON 1998 - 2008

CLASS OF PROPERTY	1998 ASSESSED VALUE	2008 ASSESSED VALUE	GAIN OR LOSS
AIRLINE (REAL)	1,010,680	0	(1,010,680)
AIRLINE (SITUS)	859,310	1,040,240	180,930
BARGE LINE (SITUS)	25,750	36,810	11,060
CABLE TELEVISIONS	32,658,840	136,160,960	103,502,120
CELLULAR TELEPHONES	46,116,430	333,641,000	287,524,570
ELECTRIC COOPERATIVES	301,336,410	466,328,180	164,991,770
GAS TRANSMISSION	189,689,020	269,445,000	79,755,980
MOTOR CARRIER (REAL)	3,263,880	8,602,440	5,338,560
PIPELINE COMPANIES	31,264,250	31,818,290	554,040
PRIVATE CARS (SITUS)	2,576,500	1,823,750	(752,750)
PRIVATE ELECTRICS	658,079,400	844,960,000	186,880,600
RAILROAD COMPANIES	132,021,330	217,934,180	85,912,850
RESELLER TELEPHONES	4,639,140	1,586,040	(3,053,100)
TELEPHONES	404,104,660	382,754,800	(21,349,860)
WATER COMPANIES	3,537,200	4,301,800	764,600
<b>TOTAL CERTIFIED TO COUNTIES</b>	<b>1,811,182,800</b>	<b>2,700,433,490</b>	<b>889,250,690</b>

### 2007 - 2008 COUNTY COMPARISON

COUNTY	2007 TOTAL	2008 TOTAL	GAIN/LOSS	COUNTY	2007 TOTAL	2008 TOTAL	GAIN/LOSS
ARKANSAS	18,830,651	21,607,151	2,776,500	LEE	9,700,900	10,486,591	785,691
ASHLEY	18,689,916	20,025,566	1,335,650	LINCOLN	9,662,493	10,849,244	1,186,751
BAXTER	28,057,374	30,179,126	2,121,752	LITTLE RIVER	12,129,099	12,889,265	760,166
BENTON	115,743,410	121,935,325	6,191,915	LOGAN	19,506,585	21,526,368	2,019,783
BOONE	22,947,801	25,181,597	2,233,796	LONOKE	37,051,530	40,296,829	3,245,299
BRADLEY	7,296,468	7,713,841	417,373	MADISON	12,859,120	14,171,024	1,311,904
CALHOUN	8,889,203	10,108,865	1,219,662	MARION	8,658,273	9,406,613	748,340
CARROLL	20,750,857	23,016,687	2,265,830	MILLER	31,379,706	32,992,627	1,612,921
CHICOT	15,233,589	15,931,534	697,945	MISSISSIPPI	40,975,560	40,557,179	(418,381)
CLARK	24,505,846	26,339,459	1,833,613	MONROE	10,996,250	11,626,716	630,466
CLAY	16,747,650	18,423,793	1,676,143	MONTGOMERY	4,759,864	5,119,833	359,969
CLEBURNE	15,576,797	16,951,324	1,374,527	NEVADA	12,094,751	12,947,461	852,710
CLEVELAND	8,699,418	9,405,766	706,348	NEWTON	6,800,204	7,532,386	732,182
COLUMBIA	21,252,729	22,186,867	934,138	OUACHITA	19,999,600	20,760,347	760,747
CONWAY	27,542,596	29,604,632	2,062,036	PERRY	8,491,329	9,162,054	670,725
CRAIGHEAD	42,534,944	45,438,900	2,903,956	PHILLIPS	25,064,265	26,420,544	1,356,279
CRAWFORD	43,256,290	44,927,335	1,671,045	PIKE	10,084,235	10,477,886	393,651
CRITTENDEN	41,591,033	47,393,416	5,802,383	POINSETT	19,221,070	21,787,312	2,566,242
CROSS	16,661,012	17,768,423	1,107,411	POLK	16,606,435	17,927,721	1,321,286
DALLAS	8,664,181	8,961,880	297,699	POPE	280,361,096	287,966,744	7,605,648
DESHA	35,204,272	35,600,361	396,089	PRAIRIE	8,630,767	9,436,462	805,695
DREW	13,629,294	14,407,181	777,887	PULASKI	346,129,763	364,086,702	17,956,939
FAULKNER	35,475,575	37,458,555	1,982,980	RANDOLPH	14,358,874	15,885,639	1,526,765
FRANKLIN	33,697,720	36,273,316	2,575,596	SALINE	36,784,010	38,401,249	1,617,239
FULTON	10,998,721	11,595,232	596,511	SCOTT	7,311,326	8,281,268	969,942
GARLAND	38,569,894	42,040,906	3,471,012	SEARCY	6,255,411	7,062,057	806,646
GRANT	12,731,800	13,927,024	1,195,224	SEBASTIAN	97,969,257	107,111,536	9,142,279
GREENE	19,577,987	20,284,470	706,483	SEVIER	11,505,365	12,315,013	809,648
HEMPSTEAD	26,472,174	46,909,172	20,436,998	SHARP	13,710,043	14,500,222	790,179
HOT SPRING	45,055,765	46,163,799	1,108,034	ST. FRANCIS	23,667,022	25,541,587	1,874,565
HOWARD	12,351,849	12,400,186	48,337	STONE	5,796,292	6,842,402	1,046,110
INDEPENDENCE	104,399,727	103,701,778	(697,949)	UNION	37,333,032	39,710,869	2,377,837
IZARD	13,084,920	13,589,080	504,160	VAN BUREN	11,578,363	13,001,817	1,423,454
JACKSON	22,282,367	24,291,842	2,009,475	WASHINGTON	101,653,159	119,227,002	17,573,843
JEFFERSON	134,994,606	138,292,287	3,297,681	WHITE	47,348,834	52,356,101	5,007,267
JOHNSON	17,866,778	19,844,370	1,977,592	WOODRUFF	11,535,628	12,969,457	1,433,829
LAFAYETTE	10,910,601	11,409,344	498,743	YELL	12,384,689	13,226,676	841,987
LAWRENCE	22,765,175	24,282,297	1,517,122	<b>GRANDTOTAL</b>	<b>2,523,895,190</b>	<b>2,700,433,490</b>	