

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



**Biennial Report**

**For The Years**

**2012 - 2013**

Colette D. Honorable  
Chairman  
(501) 682-1455

Olan W. Reeves  
Commissioner  
(501) 682-1453

Elana C. Wills  
Commissioner  
(501) 682-1451

**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

January 6, 2014

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 its Biennial Report for the years 2012 - 2013. This report shows the assessed value of the property of utilities and carriers certified to the 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 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 on utility and carrier property in Arkansas as determined by the Tax Division have increased from \$3,792,734,868 in 2012 to approximately \$3,997,924,969 in 2013. This is an increase of \$205,190,101 in the two-year period and represents, an approximate gain of 5.13% in assessed value.

Sincerely,

A handwritten signature in cursive script, reading "Sarah M. Bradshaw".

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

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## 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 the annual valuation and ad valorem assessment of public utilities and carriers operating in Arkansas.

During 2013, the Tax Division valued and assessed the real and personal property of 305 telecommunications companies and their operating subsidiaries, 30 cable television companies and their operating subsidiaries, 31 electric companies and cooperatives, 15 gas companies, 7 pipeline companies, 2 water companies, 25 railroads, 369 private car companies, 19 airlines, 48 barge lines and 37,585 motor carriers. The market value of the utilities and carriers evaluated by the Tax Division in 2013 was approximately \$19,990,000,000, which represents an assessed value of approximately \$3,998,000,000 and an estimated property tax of \$186,946,480.

In 2012, the Tax Division valued the real and personal property of over 42,650 utilities and carriers. The

assessed value of the utilities and carriers in 2012 was approximately \$3,793,000,000 and the estimated property tax on the assessed value was approximately \$177,360,680.

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. In 1883, the General Assembly created the Board of Railroad Commissioners. The Board was given 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. 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 2012 - 2013 is \$1.4 million. The budget includes a contingency fund of \$400,000 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 Fiscal Support Manager, a Tax Valuation Supervisor, a Research Project Analyst, an Administrative Analyst, a Finance Program Analyst, and six Tax Valuation Analysts and five part-time positions.

## ASSESSMENT PROCESS

Each year, the Tax Division mails Ad Valorem Report forms to the utilities and carriers to obtain the information needed for the assessment process. With the exception of motor carriers and private car companies, the companies are required to file the completed forms with the Tax Division on or before March 1. Motor carrier companies are required to file the completed report forms by March 31, and private railroad car companies are required to file the completed report forms by April 1. Utilities and carriers may be granted an extension of not more than sixty days to file the report forms. Companies that fail to file the report form within the time required are delinquent and are subject to penalties prescribed in Ark. Code Ann. § 26-26-1604.

Once the Tax Division receives the report forms, it begins the process of valuing and assessing the companies. The Tax Division considers the economic and financial factors that impact the various industries and

factors that may affect a specific company's valuation in the valuation and assessment process. The Tax Division personnel must have specialized knowledge of the industries assessed and stay abreast of the economic, regulatory and technological changes that take place in the utility and carrier industries. As part of the assessment process, the Tax Division holds informal pre-assessment hearings with the utilities or carriers that request such hearings.

Once the Tax Division completes the valuation and assessment process, 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. After the 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 of the assessment. When the appeal period ends, the final

assessment amounts for utilities and railroads are certified to the County Assessors on or before July 15<sup>th</sup> to be placed on the county tax rolls. Motor carrier, airline, barge line and private car company assessments are certified to the Department of Finance and Administration in February of the year following the assessment. The applicable millage rates are applied to the assessments by county or state officials to produce the tax amounts to be billed and collected.

When a utility or carrier files a timely petition for review of 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 Highway Commission on utility or carrier assessment appeals may be appealed to the Pulaski County Circuit Court. The Circuit Court's decision may be appealed to the Arkansas Supreme Court.



### THREE YEAR COMPARISON 2011 - 2013

CLASS OF PROPERTY	2011 ASSESSED VALUE	2012 ASSESSED VALUE	2013 ASSESSED VALUE	GAIN OR LOSS
AIRLINE REAL	0	0	0	0
AIRLINE (SITUS)	655,600	621,410	481,870	(139,540)
BARGE LINE (SITUS)	0	0	160,430	160,430
CABLE TELEVISION	160,136,210	163,589,380	173,261,130	9,671,750
CELLULAR TELEPHONE	397,215,170	394,282,890	398,066,830	3,783,940
ELECTRIC COOPERATIVE	536,165,490	581,564,160	597,372,990	15,808,830
GAS TRANSMISSION	495,380,000	531,920,800	544,640,710	12,719,910
MOTOR CARRIER (REAL)	8,282,990	8,293,060	8,250,240	(42,820)
PRIVATE CAR (SITUS)	2,882,350	2,291,390	1,973,100	(318,290)
PRIVATE ELECTRIC	894,810,000	1,042,940,000	1,123,737,600	80,797,600
PIPELINE	24,605,680	23,286,100	25,516,600	2,230,500
RAILROAD	300,811,330	326,764,800	374,531,000	47,766,200
RESELLER TELEPHONE	2,312,830	3,200,570	6,049,680	2,849,110
TELEPHONE	308,570,090	293,608,140	285,523,360	(8,084,780)
WATER COMPANY	4,031,360	4,226,150	4,392,370	166,220
<b>TOTAL CERTIFIED TO COUNTIES</b>	<b>3,135,859,100</b>	<b>3,376,588,850</b>	<b>3,543,957,910</b>	<b>167,369,060</b>
AIRLINE	28,168,920	24,403,570	23,723,810	(679,760)
BARGE LINE	24,342,200	44,551,930	57,717,300	13,165,370
MOTOR CARRIER	329,890,773	336,823,278	361,356,869	24,533,591
PRIVATE CAR	9,391,940	10,367,240	11,169,080	801,840
				0
<b>TOTAL CERTIFIED TO D.F.A.</b>	<b>391,793,833</b>	<b>416,146,018</b>	<b>453,967,059</b>	<b>37,821,041</b>
<b>GRAND TOTAL</b>	<b>3,527,652,933</b>	<b>3,792,734,868</b>	<b>3,997,924,969</b>	<b>205,190,101</b>

## TEN YEAR COMPARISON 2003 - 2013

CLASS OF PROPERTY	2003 ASSESSED VALUE	2013 ASSESSED VALUE	GAIN OR LOSS
AIRLINE (REAL)	1,010,680	-	(1,010,680)
AIRLINE (SITUS)	4,761,740	481,870	(4,279,870)
BARGE LINE (SITUS)	25,520	160,430	134,910
CABLE TELEVISIONS	87,626,240	173,261,130	85,634,890
CELLULAR TELEPHONES	118,648,160	398,066,830	279,418,670
ELECTRIC COOPERATIVES	382,619,320	597,372,990	214,753,670
GAS TRANSMISSION	189,870,030	544,640,710	354,770,680
MOTOR CARRIER (REAL)	5,540,880	8,250,240	2,709,360
PIPELINE COMPANIES	31,453,350	25,516,600	(5,936,750)
PRIVATE CARS (SITUS)	4,954,500	1,973,100	(2,981,400)
PRIVATE ELECTRICS	716,564,150	1,123,737,600	407,173,450
RAILROAD COMPANIES	164,679,768	374,531,000	209,851,232
RESELLER TELEPHONES	1,887,160	6,049,680	4,162,520
TELEPHONES	423,929,700	285,523,360	(138,406,340)
WATER COMPANIES	4,213,940	4,392,370	178,430
<b>TOTAL CERTIFIED TO COUNTIES</b>	<b>2,137,785,138</b>	<b>3,543,957,910</b>	<b>1,406,172,772</b>

2012 - 2013 COUNTY COMPARISON							
COUNTY	2012 TOTAL	2013 TOTAL	GAIN/LOSS	COUNTY	2012 TOTAL	2013 TOTAL	GAIN/LOSS
ARKANSAS	22,752,633	23,265,369	513,736	LEE	36,996,376	38,111,552	1,115,176
ASHLEY	21,536,566	21,865,802	329,236	LINCOLN	11,799,688	12,343,370	543,682
BAXTER	31,779,058	32,079,689	300,631	LITTLE RIVER	17,406,169	22,855,695	5,449,526
BENTON	167,177,826	172,020,774	4,842,948	LOGAN	28,654,163	30,182,571	1,528,408
BOONE	25,763,693	25,719,649	(44,044)	LONOKE	46,675,262	48,785,921	2,110,659
BRADLEY	8,593,994	8,671,517	77,523	MADISON	16,520,528	16,932,153	411,625
CALHOUN	10,895,716	10,886,807	(8,909)	MARION	10,071,226	10,519,038	447,812
CARROLL	29,038,098	29,442,895	404,797	MILLER	42,398,631	48,306,009	5,907,378
CHICOT	18,198,267	18,519,884	321,617	MISSISSIPPI	68,094,111	67,484,153	(509,958)
CLARK	31,345,897	31,883,412	537,515	MONROE	13,702,013	14,400,591	698,578
CLAY	20,005,198	20,630,158	624,960	MONTGOMERY	5,327,716	5,415,112	87,396
CLEBURNE	25,226,241	24,860,345	(365,896)	NEVADA	15,708,718	15,782,096	73,378
CLEVELAND	10,024,460	10,181,535	157,075	NEWTON	9,064,518	9,336,046	271,528
COLUMBIA	28,164,668	28,462,637	297,969	OUACHITA	24,223,044	25,493,444	1,270,400
CONWAY	42,005,634	42,679,315	673,681	PERRY	8,751,159	8,834,160	83,001
CRAIGHEAD	55,480,117	57,000,587	1,520,470	PHILLIPS	45,369,227	45,972,864	603,637
CRAWFORD	50,286,540	50,819,185	532,645	PIKE	11,051,964	11,591,039	539,075
CRITTENDEN	58,095,521	61,710,356	3,614,835	POINSETT	25,050,470	26,619,333	1,568,863
CROSS	22,129,721	24,173,591	2,048,870	POLK	23,678,031	25,669,775	1,991,744
DALLAS	8,574,950	8,755,494	181,544	POPE	306,041,840	302,852,530	(3,189,310)
DESHA	36,741,641	36,851,860	110,219	PRAIRIE	9,658,987	9,510,247	(148,740)
DREW	16,632,803	16,935,874	303,071	PULASKI	382,114,350	405,608,360	23,494,010
FAULKNER	70,093,936	73,503,044	3,409,108	RANDOLPH	18,030,073	17,557,251	(472,822)
FRANKLIN	42,508,202	42,113,078	(395,124)	SALINE	45,958,593	50,802,196	4,843,603
FULTON	13,704,211	13,981,661	277,450	SCOTT	8,643,416	9,015,724	372,308
GARLAND	44,186,847	46,614,240	2,427,393	SEARCY	8,086,321	8,204,125	117,804
GRANT	12,981,710	13,297,567	315,857	SEBASTIAN	118,512,886	127,395,718	8,882,832
GREENE	20,795,275	21,537,924	742,649	SEVIER	17,002,935	23,215,984	6,213,049
HEMPSTEAD	159,460,365	185,929,244	26,468,879	SHARP	15,646,423	15,943,043	296,620
HOT SPRING	53,684,668	80,139,363	26,454,695	ST. FRANCIS	38,591,250	39,828,172	1,236,922
HOWARD	15,474,277	19,870,006	4,395,729	STONE	10,271,870	8,912,843	(1,359,027)
INDEPENDENCE	106,113,790	106,945,593	831,803	UNION	41,184,121	41,077,803	(106,318)
IZARD	16,253,458	15,987,038	(266,420)	VAN BUREN	13,325,903	13,230,882	(95,021)
JACKSON	29,645,561	31,253,105	1,612,544	WASHINGTON	139,916,809	149,970,340	10,053,531
JEFFERSON	146,296,858	147,895,287	1,599,429	WHITE	135,396,099	138,014,361	2,618,262
JOHNSON	22,480,301	22,897,630	417,329	WOODRUFF	56,422,864	58,316,061	1,893,197
LAFAYETTE	12,773,605	13,691,673	918,068	YELL	15,566,731	16,492,682	925,951
LAWRENCE	28,772,059	30,283,478	1,516,419	<b>GRANDTOTAL</b>	<b>3,376,588,850</b>	<b>3,543,957,910</b>	