

2023

ANNUAL REPORT

Tax Division



Annual Report 2023

Act 823 negated the requirement for the Tax Division to publish an annual biennial report. The information is still compiled and is available upon request.



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 2023, the Tax Division valued and assessed the real and personal property of 79 telecommunications companies and their operating subsidiaries, 44 cable television companies and their operating subsidiaries, 32 electric companies and cooperatives, 3 gas distribution companies, 12 gas transmission, 12 pipeline companies, 4 solar companies, 4 water companies, 25 railroads, 381 private car companies, 22 airlines, 67 barge lines and 13,351 motor carriers. One hundred twelve telecommunications companies offering services in Arkansas reported having no property in the state. The market value of the utilities and carriers valued by the Tax Division in 2023 was approximately \$32,602,106,000, which represents an assessed value of \$6,520,421,137 and an estimated property tax of \$317,176,757.

In 2022, the Tax Division valued the real and personal property of 14,100 utilities and carriers. The assessed value of the utilities and carriers in 2022 was approximately \$6,162,624,670 and the estimated property tax on the assessed value was approximately \$298,418,937.

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 Tax Fund, funded by revenues resulting from the Tax Division's assessments on carriers. The Ad Valorem Tax Fund is used to fund the Counties and Municipalities Section of Legislative Audit, the Assessment Coordination Department, and the Tax Division. The taxes and penalties collected from water transportation companies in excess of \$2,500,000 are deposited in the State Treasury and credited to the Arkansas Waterways Commission, the Arkansas Port, Intermodal, and Waterways Development Grant Program, and the Arkansas River Navigation System Fund. The State Treasurer may transmit the remainder of the Fund to the respective counties in the state.

HISTORY

The Tax Division of the Arkansas Public Service Commission's origin can be traced to Act 114 of 1883. The General Assembly created the Board of Railroad Commissioners in 1883. 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 2023 is \$1.8 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 including a Director, an Assistant Director, an Assistant Director of 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. The Division is also allowed 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

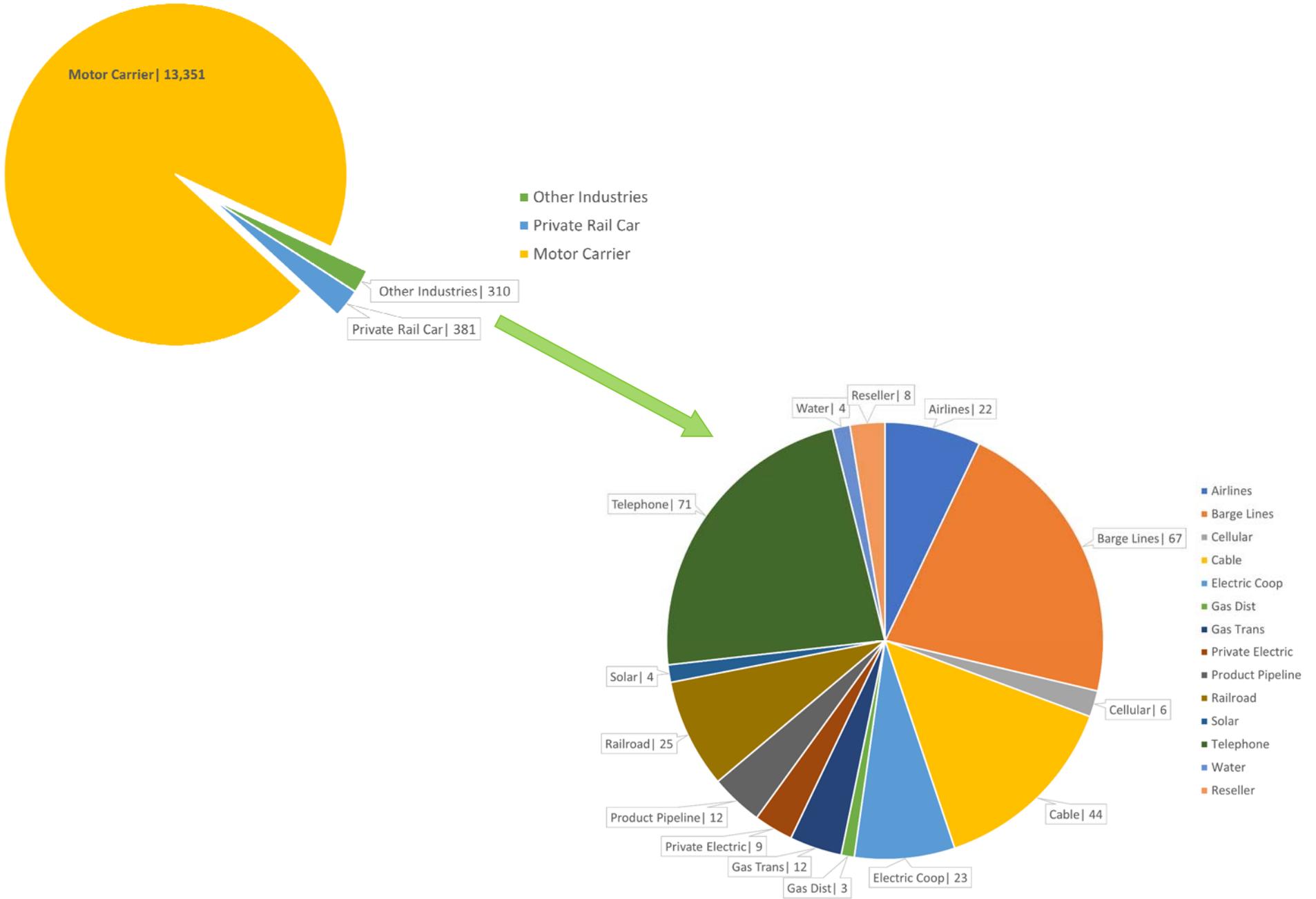
the time required are delinquent and are subject to penalties prescribed in Ark. Code Ann. § 26-26-1604.

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 utilities or carriers that request such hearings.

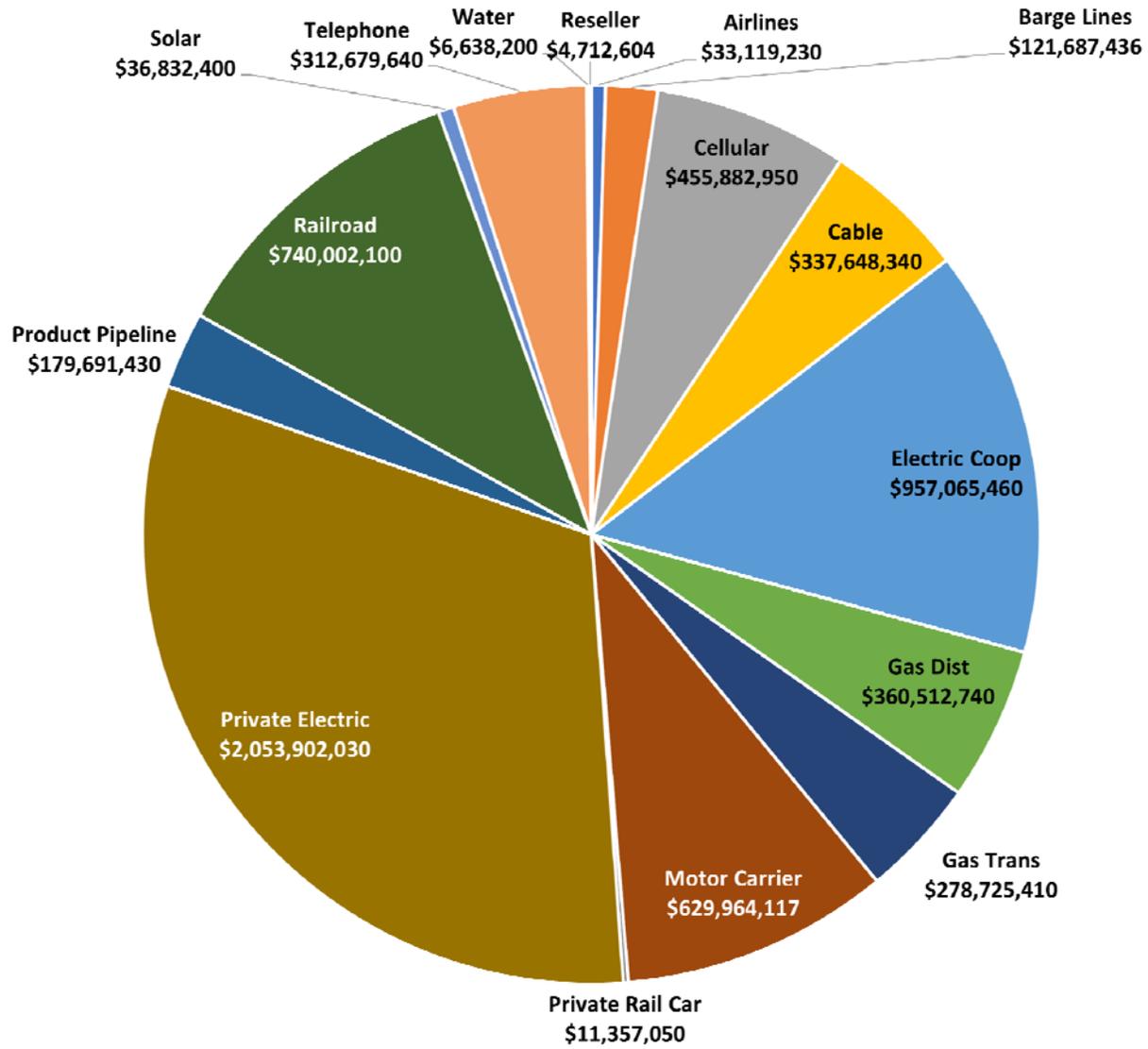
Once the Tax Division completes the valuation and assessment process, the utility assessments are submitted to the Arkansas Public Service Commission for approval and the carrier assessments are submitted to the Arkansas State Highway Commission for approval. After the Commissions approve the assessments, 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 thirty (30) day period to file a formal petition for review of the assessment. The final assessment amounts for utilities and railroads are certified to the County Assessors on or before July 15th 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 no appeals pending before the Public Service Commission or the Highway 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.

Number of Companies Assessed in 2023: 14,042



Assessed Value by Industry in 2023



Three Year Comparison

Class of Property	2021	2022	2023	GAIN OR LOSS
	Assessed Values	Assessed Values	Assessed Values	
Airline Situs	1,225,880	1,052,370	1,340,670	288,300
Barge Line Situs	448,010	692,940	551,860	(141,080)
Cable Television	234,721,070	302,449,910	337,648,340	35,198,430
Cellular Telephone	460,227,330	452,477,430	455,882,950	3,405,520
Electric Cooperative	850,389,230	871,150,480	957,065,460	85,914,980
Gas Distribution	262,722,800	281,504,410	360,512,740	79,008,330
Gas Trasmission	308,971,040	313,755,230	278,725,410	(35,029,820)
Motor Carrier Situs	8,527,260	8,543,380	10,717,100	2,173,720
Product Pipeline	195,511,510	194,349,470	179,691,430	(14,658,040)
Private Car Situs	1,993,950	2,823,400	1,626,100	(1,197,300)
Private Electric	1,884,414,280	2,000,104,320	2,053,902,030	53,797,710
Railroad	634,814,240	696,196,690	740,002,100	43,805,410
Reseller Telephone	5,160,120	6,023,910	4,712,604	(1,311,306)
Solar	14,056,800	38,086,200	36,832,400	(1,253,800)
Telephone	281,284,810	293,742,990	312,679,640	18,936,650
Water	8,074,640	4,404,900	6,638,200	2,233,300
Total Certified to Counties	5,152,542,970	5,467,358,030	5,738,529,034	271,171,004
Airline	23,604,002	26,177,590	31,778,560	5,600,970
Barge Line	114,581,232	120,162,008	121,135,576	973,568
Motor Carrier	506,273,627	540,091,882	619,247,017	79,155,135
Private Car	8,101,710	8,835,160	9,730,950	895,790
Total Certified to DFA	652,560,571	695,266,640	781,892,103	86,625,463
GRAND TOTAL	5,805,103,541	6,162,624,670	6,520,421,137	357,796,467

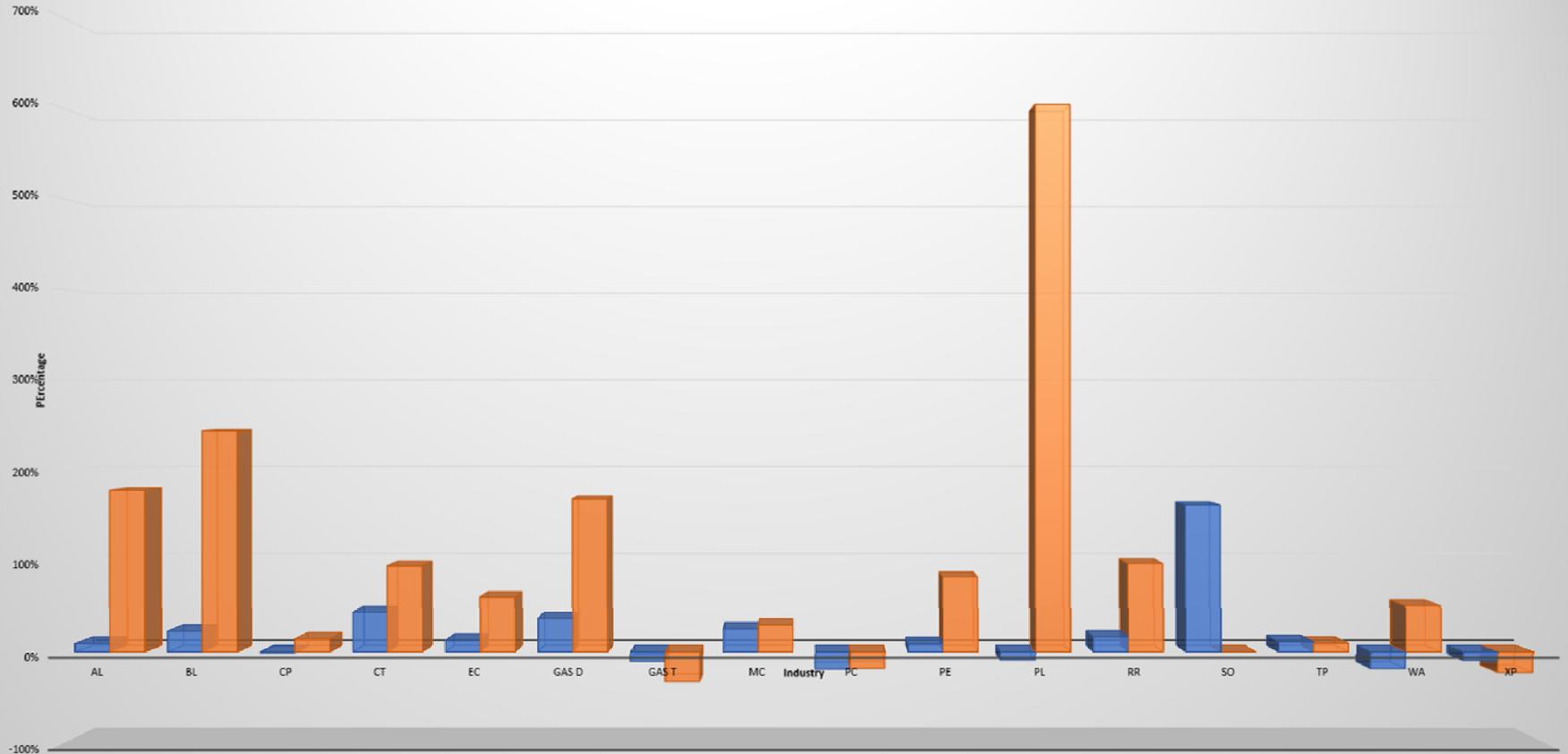
Ten Year Comparison 2013-2023

Class of Property	2013 Assessed Values	2023 Assessed Values	GAIN OR LOSS
Airline (Situs)	481,870	1,340,670	858,800
Barge Line (Situs)	160,430	551,860	391,430
Cable Television	173,261,130	337,652,270	164,391,140
Cellular Telephone	398,066,830	455,882,950	57,816,120
Electric Cooperative	597,372,990	957,065,460	359,692,470
Gas Distribution	134,141,000	360,512,740	226,371,740
Gas Transmission	410,499,710	278,725,410	(131,774,300)
Motor Carrier (Situs)	8,250,240	10,717,100	2,466,860
Product Pipeline	25,516,600	179,691,430	154,174,830
Private Car (Situs)	1,973,100	1,626,100	(347,000)
Private Electric	1,123,737,600	2,053,902,030	930,164,430
Railroad	374,531,000	740,002,100	365,471,100
Reseller Telephone	6,049,680	4,712,604	(1,337,076)
Telephone	285,523,360	312,679,640	27,156,280
Water	4,392,370	6,638,200	2,245,830
Solar*	-	36,832,400**	-
Total Certified to Counties	3,543,957,910	5,701,700,564	2,157,742,654

*Solar companies were first assessed in 2016.

**Value is not included in comparison.

Assessed Value Changes by Industry 3 Year Comparison & 10 Year Comparison



	AL	BL	CP	CT	EC	Gas D	Gas T	MC	PC	PE	PL	RR	SO	TP	WA	XP
3 year % Change	9%	23%	-1%	44%	13%	37%	-10%	26%	-18%	9%	-8%	17%	162%	11%	-18%	-9%
10 year % Change	178%	244%	15%	95%	60%	169%	-32%	30%	-18%	83%	604%	98%	0%	10%	51%	-22%

■ 3 year % Change ■ 10 year % Change

2022 - 2023 COUNTY COMPARISON

COUNTY	2022 TOTAL	2023 TOTAL	GAIN/LOSS	COUNTY	2022 TOTAL	2023 TOTAL	GAIN/LOSS
ARKANSAS	39,239,856	43,984,132	4,744,276	LEE	32,527,286	32,133,613	(393,673)
ASHLEY	34,511,520	39,133,867	4,622,347	LINCOLN	18,190,439	20,777,140	2,586,701
BAXTER	48,159,129	49,285,574	1,126,445	LITTLE RIVER	38,106,119	40,250,144	2,144,025
BENTON	268,574,790	275,477,609	6,902,819	LOGAN	45,500,487	46,583,627	1,083,140
BOONE	39,936,056	41,792,466	1,856,410	LONOKE	76,223,029	88,194,542	11,971,513
BRADLEY	15,882,865	17,983,057	2,100,192	MADISON	31,743,816	33,987,598	2,243,782
CALHOUN	25,284,616	24,627,361	(657,255)	MARION	17,481,704	18,542,341	1,060,637
CARROLL	53,792,004	56,548,047	2,756,043	MILLER	74,506,466	79,681,626	5,175,160
CHICOT	31,955,920	35,420,200	3,464,280	MISSISSIPPI	122,999,775	111,316,213	(11,683,562)
CLARK	55,249,391	59,479,866	4,230,475	MONROE	24,580,677	26,931,856	2,351,179
CLAY	48,227,201	50,772,496	2,545,295	MONTGOMERY	9,064,538	10,014,628	950,090
CLEBURNE	37,207,701	41,289,707	4,082,006	NEVADA	25,302,517	26,397,728	1,095,211
CLEVELAND	17,488,686	18,040,505	551,819	NEWTON	13,833,672	15,100,280	1,266,608
COLUMBIA	47,703,368	48,383,344	679,976	OUACHITA	50,064,702	54,033,807	3,969,105
CONWAY	57,907,435	59,563,148	1,655,713	PERRY	13,325,135	14,780,661	1,455,526
CRAIGHEAD	104,570,381	110,660,985	6,090,604	PHILLIPS	36,709,314	37,106,403	397,089
CRAWFORD	82,763,447	87,469,669	4,706,222	PIKE	17,440,714	20,108,153	2,667,439
CRITTENDEN	94,237,433	99,151,444	4,914,011	POINSETT	46,462,417	48,990,365	2,527,948
CROSS	43,606,385	46,817,090	3,210,705	POLK	47,845,312	48,345,979	500,667
DALLAS	13,915,471	14,598,584	683,113	POPE	524,216,612	545,836,178	21,619,566
DESHA	52,679,895	55,342,206	2,662,311	PRAIRIE	19,756,438	20,459,956	703,518
DREW	32,796,365	34,068,950	1,272,585	PULASKI	497,993,984	529,639,900	31,645,916
FAULKNER	84,665,162	88,181,301	3,516,139	RANDOLPH	28,780,074	32,184,821	3,404,747
FRANKLIN	84,517,102	91,002,247	6,485,145	SALINE	79,829,346	89,926,685	10,097,339
FULTON	21,532,159	21,633,366	101,207	SCOTT	12,968,312	13,816,022	847,710
GARLAND	82,443,929	83,200,942	757,013	SEARCY	10,260,245	13,468,845	3,208,600
GRANT	21,129,398	22,059,037	929,639	SEBASTIAN	170,754,165	178,440,494	7,686,329
GREENE	43,333,408	45,575,944	2,242,536	SEVIER	32,119,680	35,573,556	3,453,876
HEMPSTEAD	175,948,082	203,140,000	27,191,918	SHARP	21,929,655	21,747,814	(181,841)
HOT SPRING	123,075,949	127,076,126	4,000,177	ST. FRANCIS	62,670,654	63,716,024	1,045,370
HOWARD	31,022,560	33,047,298	2,024,738	STONE	12,752,332	13,363,299	610,967
INDEPENDENCE	138,109,898	139,282,632	1,172,734	UNION	231,835,729	226,778,432	(5,057,297)
IZARD	19,199,206	18,913,256	(285,950)	VAN BUREN	32,097,208	37,256,716	5,159,508
JACKSON	57,116,811	60,607,888	3,491,077	WASHINGTON	271,180,854	276,287,971	5,107,117
JEFFERSON	208,509,605	224,250,684	15,741,079	WHITE	183,873,973	186,233,632	2,359,659
JOHNSON	43,975,202	48,333,346	4,358,144	WOODRUFF	53,345,042	57,990,037	4,644,995
LAFAYETTE	20,053,883	24,002,434	3,948,551	YELL	25,253,318	25,667,280	413,962
LAWRENCE	53,510,021	56,667,860	3,157,839	GRAND TOTAL	5,467,358,030	5,738,529,034	271,171,004

Total Assessed Values in 2022 As Compared to All Property Tax Assessment in Arkansas

