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ATTORNEY GENERAL

STATE OF ARKANSAS
OFFICE OF THE ATTORNEY GENERAL
JUSTICE BUILDING, LITTLE ROCK 72201

(501) 371-2007

December 16, 1985

OPINION NO. 85-220

Mr. Wooten Epes
Executive Director
Arkansas Housing Development Agency
P.O. Box 8023
Little Rock, AR 72203

Dear Mr. Epes:

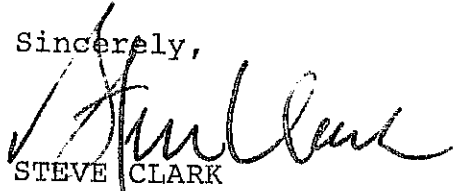
This letter is in response to your request for an Attorney General's opinion concerning the effect which the Arkansas Home Equity Living Plan (A.H.E.L.P.) will have on a person's eligibility for tax refunds and deductions under the provisions of the Real Estate Taxes Homestead Exemption Act.

The Homestead Property Tax Relief Act, Act 63 of 1973, as amended, allows elderly home owners to receive cash rebates or a credit against their State income taxes, for property taxes paid on their homesteads. The amount of each rebate or credit depends on the person's household income for the tax year involved. It is clear that in order to receive a rebate or credit, the homeowner must pay property tax on the home.

Under the A.H.E.L.P. program, after a homeowner sells his/her property to the State, he/she may elect to live in the home until death and will receive a monthly annuity payment based on the present value of the home and his/her life expectancy. After purchasing the home, the State agency becomes responsible for payment of the real property taxes, insurance and other yearly expenses. However, an amount equivalent to the property taxes, insurance premiums and maintenance costs for the property is deducted each month from the amount paid to the homeowner. As a result, the homeowner is in effect paying the property taxes even though the State now owns the home. It is my opinion that since the elderly homeowner participating under the A.H.E.L.P. program still actually pays the property tax on the home, that person may receive a rebate or credit under the Homestead Property Tax Relief Act.

The foregoing opinion, which I hereby approve, was prepared by Assistant Attorney General Jeffrey A. Bell.

Sincerely,


STEVE CLARK
Attorney General

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