

Candidate in 4th District owes state 10 years of taxes

SARAH D. WIRE ARKANSAS DEMOCRAT-GAZETTE

Congressional candidate Q. Byrum Hurst of Hot Springs has 12 outstanding liens totaling nearly \$22,000 filed against him or his law firm by the state, according to the Department of Finance and Administration. None of these liens has been released, or cleared.

The state says Hurst owes taxes stretching back about a decade.

Hurst did not personally respond to a request for comment.

Hurst, Gene Jeffress of Louann and D.C. Morrison of Little Rock are seeking the Democratic nomination for the 4th Congressional District. Tom Cotton of Dardanelle, John Cowart of Texarkana and Beth Anne Rankin of Magnolia are vying for the GOP nomination.

The district ranges from Ashley County across the southern half of the state and extends up to Madison County in Northwest Arkansas.

Hurst is a longtime Hot Springs lawyer and evangelist who said in February that he was filing to run for Congress, instead of his planned run for the state Senate, because he “didn’t feel the right candidates that could adequately represent the 4th District were running.”

Asked about his unpaid taxes, Hurst’s campaign released a statement Friday quoting his campaign manager Nicole Dorris.

“Like many Arkansans, Q. Byrum’s business has faced ups and downs over the years while fighting against corporate interests. This campaign will be about who will best create jobs, protect seniors and continue Mike Ross’ successful legacy,” it said. “All questions of any outstanding taxes or financial obligations are being thoroughly investigated and will be resolved as soon as all the facts are clear. At this point, there are some legitimate disagreements and a lack of clarity on what the facts are and every effort is being made to rectify that as soon as possible. Q. Byrum has spent his entire legal and business career working to represent Arkansas families and be a responsible and outstanding citizen of both his community and state. That will not change.”

Hurst’s oldest and largest debt is a \$10,050.25 lien filed in Garland County in August 2005 for failure to pay 2002 income taxes.

In 2008, the department issued a writ of execution ordering the county sheriff to seize Hurst’s assets and sell them to resolve the debt.

A lien is a legal claim or hold on a piece of property as security for the payment of a debt.

The Department of Finance and Administration has several steps it can take to resolve a debt before it files a lien. First the debtor is informed of the debt through a letter, said John Theis, assistant commissioner of revenue.

Then, the debtor is alerted that the debt will be assessed. At that point the taxpayer has the right to an administrative or judicial appeal, he said. After those appeals are exhausted, the department levies its final assessment.

At that point, if the debt isn’t paid, the Department of Finance and Administration has the authority to file a lien against the taxpayer in county circuit court. The lien stands for 10 years and collects a 10

percent yearly interest plus court costs.

Once a lien has been filed, the department attempts to resolve it by having the debtor's belongings auctioned, entering into a payment plan with the debtor, garnisheeing a bank account or offsetting state tax refunds

In Hurst's case, there was no collection from the sheriff's auction authorized by the writ of execution.

In 2010 the department garnisheed a bank account held by Hurst, only gaining \$192.52.

The state also has three liens originally totaling \$4,583.17 against Hurst's earlier law firm for failure to pay withholding tax from April 2001 through December 2001, court records show.

The state also has eight active liens against the Hurst, Morrissey & Hurst firm for failure to pay withholding tax.

Hurst is the principal attorney at the firm.

The unresolved liens include \$3,583.31 for not paying the tax from June through December 2008 and \$3,427.39 for not paying the tax from January 2009 through June 2009.

Other liens have been resolved. In October 2010 the state released a lien for \$1,652.44 for not paying the tax from October 2009 through December 2009. In November 2011 the state released a \$2,581.46 lien for not paying the tax in February, March or April of 2008. In October 2010, the state released liens for not paying the tax in October 2009 (\$708.13), November 2009 (\$475.35) or December 2009 (\$468.96).

Pulaski County court records show Morrison had a \$1,387.66 lien filed against him on Dec. 5, 1996, by the Arkansas Employment Securities Department, which is now known as the Department of Workforce Services. It was released Oct. 7, 1997.

Workforce Services spokesman Kim Friedman said the debt was from delinquent payroll taxes.

"That was when I was farming, I was overworked and underpaid," Morrison said. "Somehow I got behind. I took care of it the minute I found out."

No liens were found for Jeffress, Theis said. No liens were found for the three Republican candidates, Cowart, Rankin and Cotton.

PROPERTY TAX

Hurst's property taxes also have been delinquent in recent years.

Records from the Garland County tax collector show that on April 19 Hurst paid in full \$918.30 in back taxes from 2009 and 2010. That included \$158.38 in penalties and interest.

"When researching the tax information Q. Byrum became aware of the current property taxes and immediately paid them," Dorris, the campaign manager, said.

Pulaski County treasurer records show that Morrison paid \$55.77 in penalties on his 2008 property taxes. The taxes were paid on time in 2010, 2009 and 2007.

Morrison said he isn't sure what caused the 2008 delinquency.

Records from the Ouachita County tax collector show that Jeffress has paid his property tax before the October penalty deadline every year since 2007.

Miller County tax collector records show that Cowart was late in having his home assessed three times. He paid \$36.45 in penalties in 2007, \$22.23 in penalties in 2008 and \$36.40 in 2011.

He was charged \$10.89 in penalties and fees in 2007 for a different 6-acre property.

According to Columbia County records, Rankin does not own property in Magnolia.

Rankin spokesman Grant Wallace confirmed that she does not own personal property in the county.

The secretary of state's office lists Rankin's company, Beth Anne Productions Inc. as having a status of good standing, which means that the franchise tax has been paid.

That status has never been revoked since the corporation was filed with the state in October 1998, according to the secretary of state.

Cotton also owns no property in Dardanelle, according to the Yell County assessor's office. His vehicle was assessed by the county Jan. 23.

Cotton said he does not own any real property in the county. The farm and the home he lives in are in his parents' names, he said.

The Republican race has begun focusing more on the candidate's relationship with the state, with Cowart and Rankin repeatedly pointing to their longtime residency in Arkansas. Cotton, critics note, is an Arkansas native but has spent much of his adult life outside the state.

Cowart's campaign fliers say he is "always loyal to Arkansas."

On April 17, former Gov. Mike Huckabee took aim at Cotton in a video released by the Rankin campaign that touts Rankin as the homegrown candidate.

"She is not somebody that just parachuted into the district because she was looking for a way to get to Washington. She spent her life here," Huckabee said in the video.

Cotton graduated from Harvard University in 2002, he clerked for a judge out of state, and he worked in private practice until he entered the Army. He fought in Afghanistan and Iraq before returning to Arkansas.

Most recently, he worked as a business-management consultant for McKinsey and Co., a strategy, operations and finance consulting firm with offices worldwide. The job kept him out of state for weeks or months at a time, he has said. He left the company to campaign, he has said.

Cotton released a television ad Thursday that showed him introducing people from Dardanelle who knew him growing up.

PROFESSIONAL CONDUCT

According to the Supreme Court Committee on Professional Conduct, Hurst has been cautioned five times and reprimanded five times since 1983, most recently in 2009.

Hurst has been a civil and criminal attorney for 38 years. His law license is currently in good standing with the state.

The action against Hurst with the largest monetary penalty is also the most recent. In 2009 he was cautioned by the committee, ordered to pay a former client \$25,000 in restitution and pay \$50 in court costs.

The client, Barbara Primm, complained to the committee that Hurst did not return documents to her or return the unearned advanced payment when he was terminated as the attorney for her brother.

Primm told the committee that Hurst didn't file a motion to withdraw as attorney in the case until about nine months after he was asked to.

Several of the actions against Hurst relate to not keeping his clients reasonably informed about their cases, not returning documents or not filing documents with the court promptly.

Cotton has been a licensed lawyer in Arkansas since April 2003. In February 2010 he voluntarily made his license inactive.

Cotton said he did that to avoid paying fees and taking continuing-education classes while in the Army and again after he decided to go into business.