

As Engrossed: 3/21/91

1 **State of Arkansas**
2 **78th General Assembly**
3 **Regular Session, 1991**
4 **By: Senator Dowd**

A BILL ACT 1080 OF 1991
SENATE BILL 549

For An Act To Be Entitled

8 "AN ACT TO AMEND CHAPTER 37 OF TITLE 26 OF THE ARKANSAS
9 CODE TO PROVIDE FOR THE CLARIFICATION OF LAWS RELATING TO
10 THE REDEMPTION AND SALE OF TAX-DELINQUENT REAL PROPERTY;
11 AND FOR OTHER PURPOSES."

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13 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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15 SECTION 1. Section 37 (b) of Act 626 of 1983 as amended by Act 814 of
16 1987, contained in the notes to Arkansas Code Annotated 26-37-101, is hereby
17 amended to read as follows:

18 "(b) All tax delinquent land which had been or will be certified to the
19 Commissioner of State Lands for tax years prior to 1981 but which has been
20 neither sold nor redeemed shall not be subject to the provisions of Chapter
21 37 of Title 26 of the Arkansas Code, or any law relating to the sale of land
22 by the Commissioner, but may be sold by the Commissioner at public sales or by
23 private negotiation for whatever price the Commissioner determines to be in
24 the best interest of the state and its local taxing units."

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26 SECTION 2. Arkansas Code Annotated 26-37-204 is hereby amended to read
27 as follows:

28 "26-37-204. Sales set aside.

29 (a) In the event the sale is set aside by legal action or if the land
30 is proven to be nonexistent or double assessed, the purchaser shall be
31 entitled to reimbursement of moneys paid.

32 (b) The Commissioner of State Lands shall have the authority to set
33 aside any sale. In the event the Commissioner determines that a sale shall be
34 set aside, the purchaser may be entitled to reimbursement of moneys paid to
35 the Commissioner of State Lands.

36 (c) In cases where sales may be set aside by the Commissioner of State

1 Lands or by legal action by the record owner or the heirs or assigns of the
2 record owner, the record owner or the heirs or assigns of the record owner
3 shall pay all back taxes, penalties, interest, and costs charged against the
4 land.

5 (d) It is hereby determined by the general assembly that laws relating
6 to the disposition of tax-delinquent real property are in need of
7 clarification. Therefore, in order to facilitate the tax redemption and sale
8 process and encourage use of the land, this section shall be in full force and
9 effect on July 1, 1991."

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11 SECTION 3. Arkansas Code Annotated 26-37-205 is hereby amended to read
12 as follows:

13 "26-37-205. Distribution of Funds.

14 (a) All moneys collected by the Commissioner of State Lands from the
15 sale or redemption of tax delinquent lands shall be distributed as follows:

16 (1) First, to the Commissioner of State Lands, the penalties, the
17 collection fees, sale costs, and other costs as prescribed by law ;

18 (2) Second, an amount to each county equal to the taxes due plus
19 interest and costs to the county as certified by the county tax collector,
20 which amount shall be held in an escrow fund administered by the Commissioner
21 and remitted to the counties within one calendar year of their receipt by the
22 Commissioner;

23 (3) Third, the remainder, if any, shall be placed in another
24 escrow fund administered by the Commissioner.

25 (b) If no actions are brought within two (2) years after the date of
26 conveyance as provided in 26-37-202, the remaining funds, if any, shall be
27 distributed by the Commissioner as follows:

28 (1) To former owners of the tax delinquent land. Such former
29 owners must file an application with the Commissioner requesting the release
30 of any remaining funds. The application shall be provided by the Commissioner
31 of State Lands and shall require proof of ownership. In addition, the
32 application may require other information the Commissioner may deem necessary
33 to obtain prior to the release of said funds. In the event of multiple claims
34 of ownership or controversy regarding the release of such funds, it shall be
35 the responsibility of the parties seeking release of the funds to resolve such

1 controversy.

2 (2) The funds shall be held in escrow for five (5) more years and
3 at the end of such five (5) year period, if the funds have not been
4 distributed, the escrow funds shall escheat to the county wherein the property
5 is located.

6 (c) All funds distributed to each county by the Commissioner of State
7 Lands from the redemption or sale of tax-delinquent lands, including any
8 interest and costs, are to be distributed to the applicable taxing units where
9 the delinquent land is located within the county in the manner and proportion
10 that the taxes would have been distributed if they had been collected in the
11 year due.

12 (d) All funds received by a county from the redemption of tax-
13 delinquent land at the county level, including any penalty, interest, and
14 costs, are to be distributed to the applicable taxing units where the
15 delinquent land is located within the county in the manner and proportion that
16 the taxes would have been distributed if they had been collected in the year
17 due.

18 (e) It is the intent of the General Assembly of the State of Arkansas
19 that the provisions of this section be applied retroactively to sales taking
20 place prior to the effective date of this act as well as sales taking place
21 thereafter. Furthermore, it is hereby found and determined by the Seventy-
22 Eighty General Assembly that current law excludes former owners from
23 distribution of remaining funds and that such exclusion creates an unnecessary
24 hardship on former owners at this time. Moreover, tax delinquent land sales
25 are scheduled to commence prior to the regular effective date of acts passed
26 by the Seventy-Eighth General Assembly, making this enacting date necessary in
27 order to prevent additional hardships to former owners. Therefore, this
28 section shall be in full force and effect from and after the passage and
29 approval of this act."

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31 SECTION 4. All provisions of this act of a general and permanent nature
32 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
33 Revision Commission shall incorporate the same in the Code.

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35 SECTION 5. If any provision of this act or the application thereof to

1 any person or circumstance is held invalid, such invalidity shall not affect
2 other provisions or applications of the act which can be given effect without
3 the invalid provision or application, and to this end the provisions of this
4 act are declared to be severable.

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6 SECTION 6. All laws or parts of laws in conflict with this act are
7 hereby repealed.

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9 SECTION 7. EMERGENCY. It is hereby found and determined by the General
10 Assembly that the laws relating to the redemption and sale of tax-delinquent
11 real property are in need of clarification. Therefore, an emergency is hereby
12 declared to exist and this act being necessary for the immediate preservation
13 of the public peace, health and safety shall be in full force and effect from
14 and after July 1, 1991 or as otherwise specified in a particular section
15 thereof.

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/s/Dowd

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APPROVED: 4-9-91

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