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A Bill

DRAFT DLP/PAT
HOUSE BILL

By: Representative Ballinger

Filed with: Arkansas Legislative Council
pursuant to A.C.A. §10-3-217.

For An Act To Be Entitled

AN ACT TO REGULATE THE ADMINISTRATION OF REAL
PROPERTY OF THE STATE AND POLITICAL SUBDIVISIONS OF
THE STATE; AND FOR OTHER PURPOSES.

Subtitle

TO REGULATE THE ADMINISTRATION OF REAL
PROPERTY OF THE STATE AND POLITICAL
SUBDIVISIONS OF THE STATE.

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

SECTION 1. Arkansas Code § 22-5-209 is amended to read as follows:

22-5-209. Deeds, abstracts, and contracts affecting state lands filed
in office of Commissioner of State Lands — Additional information — Failure
to comply.

(a) All deeds, abstracts, contracts, and other evidences of title to
realty belonging to the State of Arkansas shall be filed in the office of the
Commissioner of State Lands to be preserved by the Commissioner of State
Lands as ~~the~~ other public records and files of his or her office.

(b) Separately for each item of real property in the possession of a
state agency, the state agency shall maintain and furnish to the Commissioner
of State Lands a record containing:

(1)(A) The official recording information shown by the county
recorder's records and the legal description of the real property.

1 (B) A copy of the most recent deed to the property may be
2 furnished to the Commissioner of State Lands if the copy contains the
3 official recording information and the legal description;

4 (2) If the real property was purchased by a state agency, the
5 date of purchase and the purchase price;

6 (3) The name of the state agency holding title to the real
7 property for the state;

8 (4) A description of the current uses of the real property and
9 of the projected future uses of the real property; and

10 (5) A description of each building or other improvement located
11 on the real property.

12 (c) If the description of real property required under subsection (b)
13 of this section is excessively voluminous, the Commissioner of State Lands
14 may permit the state agency in possession of the real property to furnish the
15 description in summary form.

16 (d) Annually at the time established by the Commissioner of State
17 Lands, a state agency other than an institution of higher education shall
18 furnish the Arkansas History Commission with a photograph and identifying
19 information including the age of each building that:

20 (1) Is owned or controlled by the state agency and has become
21 forty-five (45) years old since the date the information was previously
22 submitted; or

23 (2) Was acquired by the agency after the date of the preceding
24 annual submission and is at least forty-five (45) years old on the date of
25 the current submission.

26 (e) Upon request, a state agency shall provide the Commissioner of
27 State Lands with a photograph and information furnished to the Arkansas
28 History Commission under subsection (d) of this section.

29 (f) If a state agency receives a proposal for the sale, transfer, or
30 exchange of real property that may benefit the state, the state agency shall
31 within fourteen (14) days and before accepting the proposal shall submit to
32 the Commissioner of State Lands:

33 (1) A summary of the proposal;

34 (2) An evaluation of the proposed real estate transaction
35 including an analysis of the anticipated costs, benefits, and detriments of
36 the proposal; and

1 (3) The state agency's recommendation and reasons for the
 2 recommendation.

3 ~~(b)(g) In the event any state office, department, agency, or~~
 4 ~~institution fails or refuses to~~ If a state agency does not comply with the
 5 ~~provisions of subsection (a) of~~ this section, the Commissioner of State Lands
 6 shall report the failure ~~or refusal~~ to comply to the Governor, who shall
 7 notify the administrative officer of the ~~office, department, state agency, or~~
 8 ~~institution~~ to immediately report to him or her the reasons for ~~his or her~~
 9 the state agency's failure or refusal to comply.

10 ~~(e)(h)~~ (h) Willful failure ~~or refusal~~ to comply with this section by ~~any~~
 11 ~~officer~~ a public official shall constitute nonfeasance in office.

12 (i) As used in this section:

13 (1)(A) "State agency" means an instrumentality of state
 14 government including without limitation, an office, a department, an agency,
 15 a board, a commission, or an institution of the state.

16 (B) "State agency" does not include"

17 (i) The Arkansas State Highway and Transportation
 18 Department;

19 (ii) An institution of higher education;

20 (iii) The Arkansas Public Employees' Retirement
 21 System;

22 (iv) The Arkansas Teacher Retirement System;

23 (v) The Arkansas State Game and Fish Commission; or

24 (vi) The Arkansas Department of Emergency
 25 Management.

26
 27 SECTION 2. Arkansas Code Title 22, Chapter 5, Subchapter 2, is amended
 28 to add an additional section to read as follows:

29 22-5-210. Real property records of the Arkansas State Highway and
 30 Transportation Department, institutions of higher education, the Arkansas
 31 Public Employees' Retirement System, the Arkansas Teacher Retirement System,
 32 and certain other properties.

33 (a) With respect to real property administered by the Arkansas State
 34 Highway and Transportation Department, an institution of higher education,
 35 the Arkansas Public Employees' Retirement System, and the Arkansas Teacher
 36 Retirement System:

(1) The Arkansas State Highway and Transportation Department, an institution of higher education, the Arkansas Public Employees' Retirement System, and the Arkansas Teacher Retirement System shall each maintain inventory records of the real property it owns or controls; and

(2) The Commissioner of State Lands may:

(A) Review, verify, and maintain inventory records of the real property; and

(B) Prepare reports and make recommendations concerning the best use of the real property.

(b) At the request of the Commissioner of State Lands:

(1) The Arkansas State Highway and Transportation Department shall submit its real property inventory records that are not related to the roadways and bridges it maintains; and

(2) No more than semiannually, the real property inventory records of an institution of higher education, the Arkansas State Game and Fish Commission, the Arkansas Public Employees' Retirement System, and the Arkansas Teacher Retirement System, may be submitted to the Commissioner of State Lands for information purposes only.

(c) The duties of the Commissioner of State Lands under this subchapter and § 22-5-301 et seq. do not apply to:

(1) Real property that is owned by the state but is managed by the federal Government;

(2) The real property composing the State Capitol Complex;

(3) The real property composing the Governor's Mansion;

(4) The real property composing the Arkansas State Veterans Cemetery;

(5) Highway rights-of-way owned by the Arkansas State Highway and Transportation Department;

(6) The real property composing the Old State House Museum; and

(7) The real property owned by the Arkansas Department of Emergency Management.

SECTION 3. Arkansas Code § 22-5-303 is amended to read as follows:

22-5-303. Additional duties of Commissioner of State Lands.

1 In addition to other duties and powers conferred by law upon the
2 Commissioner of State Lands, he or she shall ~~have the following duties and~~
3 ~~powers~~:

4 (1) ~~To effectuate~~ Effectuate the policies and carry out the
5 purposes declared in § 22-5-301, ~~to carry out its purposes including~~ by
6 securing the cooperation and assistance of the United States and any of its
7 agencies, ~~and to enter~~ entering into contracts, agreements, and conveyances
8 necessary to secure ~~such~~ federal assistance;

9 (2) ~~To conduct~~ Conduct investigations, independently or jointly
10 with other state and federal agencies, relating to conditions and factors
11 affecting, and methods of accomplishing more effectively, the purposes of
12 this subchapter;

13 (3) ~~To assign~~ Assign lands to the several state agencies for
14 administration, subject to their agreement and acceptance;

15 (4) Review, compile, and maintain inventory records of the real
16 property owned by the State of Arkansas based upon the information submitted
17 under §§ 22-5-209 and 22-5-411, and the records in his or her office;

18 (5) Make recommendations and take appropriate action concerning
19 the best use of land owned by the state and its political subdivisions; and

20 (6) Accept unsolicited proposals and may solicit proposals
21 concerning real estate transactions that would benefit the state.

22
23 SECTION 4. Arkansas Code § 22-5-305(b), concerning the membership of
24 the State Land Use Committee, is amended to read as follows:

25 (b) The Commissioner of State Lands shall appoint one (1) member from
26 each of the ~~seven (7)~~ four (4) congressional districts and ~~two (2)~~ five (5)
27 members at large for a term of two (2) years.

28
29 SECTION 5. Arkansas Code § 22-5-306 is amended to read as follows:

30 22-5-306. Appraisers – Qualifications, oath, and bond.

31 (a) The Commissioner of State Lands ~~shall~~ may appoint ~~such~~ appraisers
32 ~~as are provided for by any appropriation~~ to inspect and appraise state-owned
33 lands for sale, transfer, or donation.

34 ~~(b) It shall be unlawful for the Commissioner of State Lands to~~
35 ~~dispose of state owned lands without an appraisal made by appraisers~~
36 ~~appointed by the Commissioner of State Lands, except that he or she may sell~~

1 ~~or dispose of town lots and acreage descriptions of ten (10) acres or less~~
 2 ~~without an appraisal.~~

3 ~~(e)~~(b) Each appraiser selected shall, by education or experience, be
 4 familiar with and know how to arrive at the value of lands, water rights,
 5 mineral rights, timber lands, rural lands, agricultural lands, and
 6 noncultivable lands; shall understand legal descriptions of real properties;
 7 shall have a working knowledge of county and state real property records; and
 8 shall be capable of passing dependable judgments upon the values of rural
 9 properties.

10 ~~(d)~~(c) Upon entering the duties of his or her office, each appraiser
 11 shall take an oath of office as prescribed in the Arkansas Constitution,
 12 Article 19, § 20. This oath shall state that he or she will not, directly or
 13 indirectly, be engaged in the purchase of state-owned lands during his or her
 14 continuance in office and that he or she will not engage in any speculation
 15 of state-owned lands or give information to any agent, friend, or secret or
 16 other partner so as to secure the advantages of that information to himself
 17 or herself or to any person, association, or company to the prejudice or
 18 exclusion of other persons.

19 ~~(e)~~(d) Each appraiser shall enter into bond to the state in the sum of
 20 one thousand dollars (\$1,000), to be furnished by a surety company authorized
 21 to do business in the State of Arkansas, conditioned that he or she will
 22 faithfully discharge all of his or her duties according to law and the rules
 23 and regulations of the State Land Use Committee.

24 ~~(f)~~(e) After qualifying as provided in this section, each appraiser
 25 shall perform his or her duties in the manner prescribed by the Commissioner
 26 of State Lands.

27
 28 SECTION 6. Arkansas Code § 22-5-307(b), concerning the disposition of
 29 state lands, is amended to read as follows:

30 (b)(1) The Commissioner of State Lands shall dispose of the lands and
 31 make deeds to the lands in accordance with ~~this~~ the classification under
 32 subsection (a) of this section.

33 (2) Only With the approval of the Governor and review by the
 34 General Assembly or the Legislative Council, lands classified as suitable for
 35 return to private ownership ~~shall be subject to sale~~ may be sold under § 22-

1 5-312 and subsection (e) of this section to private ~~individuals~~ parties by
2 the Commissioner of State Lands.

3
4 SECTION 7. Arkansas Code § 22-5-307, concerning the disposition of
5 state lands, is amended to add an additional subsection to read as follows:

6 (h) Tax delinquent lands are not subject to the terms and restrictions
7 of this section and may be disposed of as required by law.

8
9 SECTION 8. Arkansas Code Title 22, Chapter 5, Subchapter 3, is amended
10 to add additional sections to read as follows:

11 22-5-312. Authority of Commissioner of State Lands, state agencies,
12 and political subdivisions to conduct certain real property transactions.

13 (a)(1) The Commissioner of State Lands may sell at auction or under
14 subdivision (a)(3) of this section land approved for return to private
15 ownership under § 22-5-307.

16 (2) The auction may be advertised and conducted at the same time
17 and in the same manner as tax delinquent lands under § 26-37-201 et seq.

18 (3) If the auction does not result in the sale of the land, the
19 Commissioner of State Lands may:

20 (A) Negotiate a private sale under the terms and
21 conditions of § 26-37-202; or

22 (B)(i) List the property for sale with a real estate
23 broker licensed under the Real Estate License Law, § 17-42-101 et seq.

24 (ii) The Commissioner of State Lands shall by rule
25 establish criteria to ensure the fair and impartial selection of the real
26 estate broker.

27 (b)(1) A state agency or political subdivision of the state may sell,
28 transfer, or exchange real property that it owns if the sale, transfer, or
29 exchange is for market value.

30 (2) The state agency or political subdivision of the state shall
31 notify the Commissioner of State Lands in writing and provide a copy of the
32 recorded deed or other instrument evidencing the sale, transfer, or exchange
33 within thirty (30) days of the sale, transfer, or exchange.

34
35 22-5-313. Reports and recommendations of Commissioner of State Lands.

1 (a) Except for real property excluded under § 22-5-210, separately or
2 with the assistance of the State Land Use Committee, the Commissioner of
3 State Lands shall report on and make recommendations concerning the real
4 property inventory of each state agency:

5 (1) At least one (1) time every four (4) years; and

6 (2) During the calendar year before a state agency is abolished
7 or otherwise discontinued.

8 (b) The report and recommendations shall:

9 (1) Determine the purpose for which the real property owned or
10 controlled by the state agency is currently being used and the plans for
11 future use by the state agency;

12 (2) Identify real property that is not being used or is being
13 substantially underused; and

14 (3) Include an analysis of:

15 (A) The highest and best use for the real property; and

16 (B) Alternative uses of the real property including the
17 potential for:

18 (i) Leasing the real property for commercial or
19 agricultural uses; or

20 (ii) Any other real estate transaction or use that
21 may be in the best interest of the state.

22 (c) Upon request, a state agency shall provide the Commissioner of
23 State Lands within thirty (30) days of the request information to assist the
24 evaluation of a proposed use of real property, including without limitation:

25 (1) The status of the real property;

26 (2) Alternative uses of the property considered by the state
27 agency within the previous five (5) years;

28 (3) Proposals received within the previous five (5) years from
29 private parties concerning the real property; and

30 (4) Any plans to change the use or dispose of the real property.

31 (d) On or before July 1 annually, the Commissioner of State Lands
32 shall:

33 (1) Prepare a draft evaluation report containing its findings
34 and recommendations for at least twenty-five percent (25%) of the real
35 property owned by the state; and

1 (2) Submit the draft evaluation report to each state agency
2 named in the report and request the state agency's comments concerning the
3 findings and recommendations made by the Commissioner of State Lands.

4 (e)(1) On or before September 1 annually, the Commissioner of State
5 Lands shall submit a final evaluation report containing the findings and
6 recommendations of the Commissioner of State Lands for at least twenty-five
7 percent (25%) of the real property owned by the state to the Governor, the
8 Legislative Council, the Joint Budget Committee, and each state agency named
9 in the report.

10 (2) The final evaluation report shall include the comments and
11 recommendations received from a state agency named in the report concerning
12 the potential use of real property by the state agency or by another state
13 agency.

14 (f) The Commissioner of State Lands shall not recommend a real estate
15 transaction involving real property that is used for military purposes.

16 (g) If real property is identified in the final evaluation report as
17 not being used or as being substantially underused:

18 (1) A political subdivision of the state shall not annex the
19 real property without prior written approval of the Commissioner of State
20 Lands; and

21 (2) A state agency that owns or controls the real property shall
22 give the Commissioner of State Lands at least thirty-days' notice before
23 beginning a planned development, acquisition, disposition, lease, sale,
24 transfer, or exchange of the real property, including the planned
25 construction of new improvements or a major modification to an existing
26 improvement to the real property.

27
28 22-5-314. Disposition and reclassification of state lands.

29 (a) At any time after real property is listed in a final evaluation
30 report under § 22-5-313, the Commissioner of State Lands may recommend in
31 writing to the Governor that the real property be:

- 32 (1) Reclassified under § 22-5-307;
33 (2) Sold, transferred, exchanged, or leased; or
34 (3) Used for a different purpose or by a different state agency
35 or political subdivision.

1 (b)(1) The Commissioner of State Lands shall notify the state agency
2 that owns or controls real property of a recommendation concerning the real
3 property under subsection (a) of this section.

4 (2) The state agency may send the Governor comments or
5 objections to the recommendation within thirty (30) days.

6 (c) If the Commissioner of State Lands makes a recommendation to the
7 Governor concerning real property identified as not used or substantially
8 underused:

9 (1) The Commissioner of State Lands shall notify the Arkansas
10 Department of Human Services and the Housing Division of the Arkansas
11 Development Finance Authority to inspect the real property within thirty (30)
12 days and identify any property suitable for affordable housing if the final
13 evaluation report indicates that the highest and best use of the real
14 property is for residential purposes;

15 (2)(A) The real property may be sold or leased or an easement on
16 the property may be granted to the United States for the use and benefit of
17 the United States armed forces if after consultation with appropriate
18 military authorities the Governor or the Governor's designee determines that
19 the sale, lease, or easement would materially assist the military in
20 accomplishing its mission.

21 (B) A sale, lease, or easement under this subdivision
22 (c)(2) shall be at market value.

23 (C) The state shall retain all mineral rights to the real
24 property but may relinquish the right to use the surface estate to extract
25 minerals; and

26 (3) The real property shall not without the approval of the
27 Governor be developed, sold, or otherwise disposed of by the state agency
28 that owns or controls the real property before the earlier of:

29 (A) The date the Governor rejects a recommendation under
30 this section; or

31 (B) Two (2) years from the date the recommendation is
32 approved, unless extended by the Governor.

33 (d) To determine whether to reject a recommendation under this section
34 the Governor may:

1 (1)(A) Require a state agency to provide a general development
2 plan for future use of real property and any other information about the real
3 property.

4 (B) The general development plan shall be submitted no
5 later than thirty (30) days before a recommendation under this section is
6 approved if not disapproved by the Governor; and

7 (2) Request that the state agency provide its general
8 development plan for future use of real property or any other information to
9 the Commissioner of State Lands for evaluation and may consult with the
10 Commissioner of State Lands.

11 (e) The Commissioner of State Lands may take all action necessary to
12 implement a recommendation unless the Governor gives the Commissioner of
13 State Lands written notice disapproving the recommendation within ninety (90)
14 days after receiving the written recommendation of the Commissioner of State
15 Lands.

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18 Referral requested by: Representative Bob Ballinger
19 Prepared by: DLP/DLP
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