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INTERIM STUDY PROPOSAL 2019-041

State of Arkansas  
92nd General Assembly  
Regular Session, 2019

# A Bill

SENATE BILL 645

By: Senator B. Ballinger

Filed with: Senate Committee on City, County, and Local Affairs  
pursuant to A.C.A. §10-3-217.

## For An Act To Be Entitled

AN ACT CONCERNING SUBURBAN IMPROVEMENT DISTRICTS AND  
REAL PROPERTY; AND FOR OTHER PURPOSES.

### Subtitle

CONCERNING SUBURBAN IMPROVEMENT DISTRICTS  
AND REAL PROPERTY.

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

SECTION 1. DO NOT CODIFY. Findings.

The General Assembly finds that:

(1) The Supreme Court holding in Pulaski County v. Carriage  
Creek Property Owners Improvement District, 319 Ark. 12, 888 S.W.2d 652  
(1994), addressed and clarified real property issues within a property  
owners' improvement district;

(2) The findings of the court can be applied to suburban  
improvement districts to give the districts the ability to gain control of  
real property that otherwise provides no revenue for the district or local  
municipalities; and

(3) This act will help stabilize the real estate market in  
suburban improvement districts and encourage growth by providing the suburban  
improvement districts an opportunity to convey the real property to an  
individual or entity which, in turn, will generate revenue in assessments for  
the suburban improvement districts and will generate revenue in ad valorem  
taxes for the county in which the real property lies.

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SECTION 2. Arkansas Code § 14-92-232 is amended to read as follows:

14-92-232. Payment of taxes – Enforcement.

(a) All taxes levied under the terms of this subchapter shall be payable at the same time as ad valorem real property taxes.

(b) Delinquent suburban improvement district assessments shall be held by the county collector, and, if not redeemed, the assessments shall be certified to the Commissioner of State Lands for redemption or sale, pursuant to ~~Act 626 of 1983~~ Acts 1983, No. 626, as amended.

(c) A suburban improvement district may enforce collection of delinquent suburban improvement district assessments by ~~chancery~~ proceedings in the ~~chancery~~ circuit court of the county in the manner as provided for municipal property owners' improvement districts under § 14-94-122.

(d) The Commissioner of State Lands may negotiate the redemption and sale of any real property certified to the Commissioner of State Lands by a suburban improvement district even if the certified real property is titled in the name of the suburban improvement district.

(e) Real property titled in the name of a suburban improvement district and established under this chapter is public property.

(f) Real property titled in the name of a suburban improvement district established under this chapter is held exclusively for a public purpose if:

(1) The suburban improvement district acquires title to the real property through foreclosure, quitclaim deed, gift, bequest, or arms-length transaction; and

(2) The suburban improvement district is not using the real property in a proprietary manner.

(g) A suburban improvement district uses real property in a proprietary manner if:

(1) The suburban improvement district intends to sell the real property for an amount that exceeds the value of the assessments lost on the real property since the suburban improvement district was established;

(2) The suburban improvement district intends to lease the real property for a period of time in an amount that exceeds the value of the assessments lost on the real property since the suburban improvement district was established; or

1           (3) The suburban improvement district intends to use the real  
2 property in a manner to generate income and revenue solely for the benefit of  
3 the suburban improvement district.

4           (h) A suburban improvement district is not using real property in a  
5 proprietary manner if the proceeds of the use of the real property are  
6 intended to replace the:

7                   (1) Value of the lost assessments of the suburban improvement  
8 district; or

9                   (2) Costs, fees, and expenses paid by the suburban improvement  
10 district in obtaining title to the real property in the name of the suburban  
11 improvement district.

12           (i) Real property titled in the name of a suburban improvement  
13 district and established under this chapter is exempt from the assessment of  
14 ad valorem taxes in the county in which the real property is located and  
15 shall be removed from the tax rolls upon application from the suburban  
16 improvement district that states under oath the suburban improvement district  
17 does not intend to use the real property titled in its name in a proprietary  
18 manner as described in subsections (g) and (h) of this section.

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21 Referred requested by the Arkansas Senate

22 Prepared by: KLC/VJF

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