

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

INTERIM STUDY PROPOSAL 2007-103

1
2 State of Arkansas
3 86th General Assembly
4 Regular Session, 2007

A Bill

HOUSE BILL 2777

5
6 By: Representative Schulte

7 Referred to
8 Agriculture, Forestry & Economic Development- House
9 by the House of Representatives
10 on 03/29/2007

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13 **For An Act To Be Entitled**

14 AN ACT TO REGULATE THE ASSESSMENT AND COLLECTION
15 OF TAXES ON MINERAL RIGHTS; AND FOR OTHER
16 PURPOSES.

17
18 **Subtitle**

19 TO REGULATE THE ASSESSMENT AND
20 COLLECTION OF TAXES ON MINERAL RIGHTS.

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23 BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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25 SECTION 1. Arkansas Code § 26-26-1110 is amended to read as follows:
26 26-26-1110. Mineral rights.

27 (a)(1)(A) When the mineral rights in any land shall, by conveyance or
28 otherwise, be held by one (1) or more persons, and the fee simple in the land
29 by one (1) or more other persons, it shall be the duty of the assessor when
30 advised of the fact, either by personal notice or by recording of the deeds
31 in the office of the recorder of the county, to assess the mineral rights in
32 the lands separate from the general property therein.

33 (B) The amount of the assessment shall be based upon the
34 value of the mineral right under guidelines established by the Director of
35 the Assessment Coordination Department.

36 (C) The guidelines described in subdivision (a)(1)(B) of

1 this section established by the Director of the Assessment Coordination
2 Department shall include at a minimum the value of the mineral right:

3 (i) As a burden on the surface estate;

4 (ii) Inherent as an interest in real property;

5 (iii) Based upon future discoveries of mineral
6 deposits or advances in technology that make it economically feasible to
7 extract mineral deposits previously considered difficult or impossible to
8 reach; and

9 (iv) For the production of minerals.

10 (2) In such case a sale of the mineral rights for nonpayment of
11 taxes shall not affect the title to the land itself, nor shall a sale of the
12 land for nonpayment of taxes affect the title to the mineral rights.

13 (b) When any mineral rights assessed as set out in subsection (a) of
14 this section become forfeited on account of nonpayment of taxes, they shall,
15 in all things, be certified to and redeemed in the same manner as is provided
16 for the certification and redemption of real estate upon which taxes duly
17 assessed have not been paid.

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19 SECTION 2. Arkansas Code § 26-35-607 is repealed.

20 ~~26-35-607. Cost of collecting tax.~~

21 ~~(a) If the cost of collecting the ad valorem tax on mineral interests~~
22 ~~exceeds the annual tax on the mineral interest, then the tax shall not be~~
23 ~~billed or collected and no tax shall be owed. However, the collector shall~~
24 ~~record the amount of the tax for accounting purposes.~~

25 ~~(b) As used in this section, the cost of collecting the ad valorem tax~~
26 ~~on mineral interests shall be the amount determined by the Director of the~~
27 ~~Assessment Coordination Division of the Department of Finance and~~
28 ~~Administration as being a reasonable amount for the cost of collection.~~

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