

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1113

Bill Subtitle: TO AMEND THE COMMISSIONER OF STATE LANDS URBAN HOMESTEAD ACT TO PERMIT THE DEVELOPMENT OF SCHOOLS ON LAND DONATED BY THE COMMISSIONER OF STATE LANDS WHEN THE LAND IS NOT BEING UTILIZED AS A HOMESTEAD; AND TO DECLARE AN EMERGENCY.

Basic Change :

Sponsors: Rep. Dotson and Sen. J. English

HB1113 expands the permissible uses of tax-forfeited real properties that are the subject of the Commissioner of State Lands Urban Homestead Act (the "Act"). The Act currently permits the subject lands to be used only as a homestead. HB1113 expands the permitted uses of these lands by allowing community organizations to transfer donated lands for development by a public school district or an open-enrollment charter school (collectively referred to as "school") for educational purposes.

HB1113 adds a provision to the Commissioner of State Lands Urban Homestead Act. Act 1009, Acts of 1993, codified at § 20-80-401 et seq. Act 1009's goal is to prevent waste of valuable real property certified to the Commissioner of State Lands ("Commissioner") for non-payment of property taxes but that was not successfully sold at public auction pursuant to § 26-37-101 (Tax-delinquent land sales). Under Act 1009, qualified "community organizations" may apply to the Commissioner for donation of lands that remain unsold after public auction. HB1113 adds another permitted dedicated use of the donated lands and would authorize the land donated by the Commissioner under the Act to use the land "for educational purposes by a public-school district or open-enrollment public charter school." To qualify, the land must be in a census tract with a poverty rate higher than Arkansas' average poverty rate, the community organization must have received the donated land at least 3 years earlier, and the property cannot be currently used as a homestead. HB1113 would authorize the recipient of land donated under the Act to subsequently convey the land to a "recipient" for use as a public-school or public charter school. The conveyance would be free of "all present and future obligations, restrictions, and reversions imposed on the use and development" of the land. Back taxes will not apply to the land.

Revenue Impact :

None.

Taxpayer Impact :

A donated parcel of land held by a community organization could be used for educational purposes provided that the conditions of HB1113 are met.

Resources Required :

None.

Time Required :

None

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Procedural Changes :

None.

Other Comments :

This legislation should have no impact on the Assessment Coordination Division.

Legal Analysis :

The Commissioner of State Lands Urban Homestead Act allows community organizations to apply for the donation of urban properties that have been certified to the Commissioner of State Lands and offered for public sale, but which have not yet been disposed of by the Commissioner. The Act currently provides that “[d]evelopment of the donated parcel shall be strictly for the construction or maintenance of a homestead for eligible persons.” § 20-80-410(a)(1). HB1113 expands the permitted uses of the subject properties by allowing community organizations to transfer donated lands to be used for development by a school.

HB1113 includes ambiguous language and presents potential conflicts with existing provisions found elsewhere in Arkansas law. The bill states that once a school begins to use a donated parcel of land for educational purposes that “the donated parcel of land shall be released from all present and future obligations, restrictions, and reversions imposed on the use and development of the donated parcel of land.” This provision is ambiguous because it is not clear whether releasing the parcel of land “from all present and future obligations” releases the land from all tax liability owed to the State that attached to the land, but that was not extinguished by the Commissioner’s sale. The subsequent sentence stating that “[t]axes from previous tax years shall not apply to a donated parcel of land utilized by a public school district or an open-enrollment charter school” does not clarify this ambiguity, because it is not clear if the reference to “taxes” is made in regard to property taxes, which is the tax type upon which the lands were forfeited to the Commissioner, or whether it includes other types of taxes levied by the State of Arkansas or by the federal government.