

**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 2007-104

State of Arkansas  
86th General Assembly  
Regular Session, 2007

# A Bill

HOUSE BILL 2778

By: Representative Schulte

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

## For An Act To Be Entitled

AN ACT TO PERMIT THE REDEMPTION OF TAX DELINQUENT  
MINERAL RIGHTS BY A SURFACE OWNER OR OWNERS OF  
LESS THAN THE ENTIRE TAX DELINQUENT MINERAL  
INTEREST; AND FOR OTHER PURPOSES.

### Subtitle

TO PERMIT THE REDEMPTION OF TAX  
DELINQUENT MINERAL RIGHTS BY A SURFACE  
OWNER OR OWNERS OF LESS THAN THE ENTIRE  
TAX DELINQUENT MINERAL INTEREST.

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

SECTION 1. Arkansas Code § 26-37-314 is amended to read as follows:  
26-37-314. Sale of tax delinquent severed mineral interests  
prohibited.

(a)(1) When severed mineral interests are forfeited to the state and  
conveyed by certification to the Commissioner of State Lands for nonpayment  
of property taxes, title to the severed mineral interests shall vest in the  
State of Arkansas in the care of the Commissioner of State Lands.

(2) The Commissioner of State Lands shall so notify the owner of  
record by certified mail at his or her last known address.

1 (3)(A) Except as provided in subsection (b) of this section, the  
2 Commissioner of State Lands shall not sell the severed mineral interests but  
3 shall retain the severed mineral interests indefinitely for redemption.

4 (B) However, the severed mineral interests may be leased  
5 by the Commissioner of State Lands if he or she determines that a lease is in  
6 the best interest of the state.

7 (C) All benefits, including royalty and leasehold  
8 payments, accruing after title vests in the state and before redemption shall  
9 be payable to the Commissioner of State Lands.

10 (D) Upon receipt of any such benefits, the Commissioner of  
11 State Lands shall deposit the funds into financial institutions in this  
12 state.

13 (4)(A) The tax-delinquent severed mineral interests may be  
14 redeemed at any time in the manner prescribed for the redemption of tax-  
15 delinquent real property.

16 (B) However, upon redemption the owner shall not be  
17 entitled to any payments received by the Commissioner of State Lands before  
18 redemption.

19 (5) All funds derived from redemption shall be held in escrow by  
20 the Commissioner of State Lands for one (1) year, at which time they shall be  
21 distributed the same as funds derived from the redemption of real property.

22 (b)(1) ~~After~~ At any time after the expiration of the redemption period  
23 ~~prescribed by this subchapter for tax-delinquent real property,~~ the  
24 Commissioner of State Lands ~~shall sell the severed mineral interests~~ may sell  
25 all of a severed mineral interest to the surface owners that own all of the  
26 severed mineral interest or a part of the severed mineral interest to a  
27 surface owner that owns the land immediately above the surface owner's  
28 portion of the severed mineral interest if the surface owner or owners opt to  
29 purchase the tax-delinquent severed mineral interests.

30 (2)(A) The surface owner or owners purchasing severed mineral  
31 interests under subdivision (b)(1) of this section shall be allowed to  
32 purchase the severed mineral interests for an amount equal to the delinquent  
33 taxes and shall not be required to pay any interest or penalties if the  
34 surface owner was not the owner of the severed mineral interests at the time  
35 the taxes became delinquent.

36 (B) If less than the entire severed mineral interest is

1 being redeemed, the county assessor shall reassess the severed mineral  
2 interest and provide the Commissioner of State Lands an assessed value to be  
3 used for the redemption of a portion of the mineral interest and for the  
4 remaining tax-delinquent mineral interest.

5 (3)(A) The Commissioner of State Lands may issue a redemption  
6 deed to a portion of the tax delinquent severed mineral interest based upon  
7 satisfactory evidence of ownership of the corresponding surface estate by:

8 (i) Both of the following:

9 (a) A certified copy of one (1) or more deeds  
10 to the surface estate; and

11 (b) A title insurance policy or attorney's  
12 title opinion providing that the redeeming party or parties have marketable  
13 title to the surface estate; or

14 (ii) A certified copy of a court order providing  
15 that the redeeming party or parties have marketable title to the surface  
16 estate.

17 (B) The Commissioner of State Lands may require the  
18 redeeming party to furnish a survey if necessary to prepare the redemption  
19 deed.

20 (c) All benefits, including royalty and leasehold payments, payable to  
21 the Commissioner of State Lands pursuant to this section are not subject to  
22 the provisions of § 18-28-201 et seq. and § 18-28-401 et seq.

23 (d) The provisions of this section shall be applicable to all tax-  
24 delinquent severed mineral interests currently forfeited to the state and  
25 certified to the Commissioner of State Lands as well as to all tax-delinquent  
26 severed mineral interests forfeited to the state in the future.

27 (e)(1) No deed issued under this section shall be void or voidable on  
28 the ground that the assessment of the property taxes on the severed mineral  
29 interests was not subjoined to the assessment of the property taxes on the  
30 surface realty.

31 (2) This subsection shall be retroactive to all certifications  
32 of delinquent severed mineral interests in the records of the office of the  
33 Commissioner of State Lands.

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