

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.

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

A Bill

HOUSE BILL 2778

5 By: Representative Schulte
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For An Act To Be Entitled

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

14 TO PERMIT THE REDEMPTION OF TAX
15 DELINQUENT MINERAL RIGHTS BY A SURFACE
16 OWNER OR OWNERS OF LESS THAN THE ENTIRE
17 TAX DELINQUENT MINERAL INTEREST.
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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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23 SECTION 1. Arkansas Code § 26-37-314 is amended to read as follows:
24 26-37-314. Sale of tax delinquent severed mineral interests
25 prohibited.

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

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

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

35 (B) However, the severed mineral interests may be leased
36 by the Commissioner of State Lands if he or she determines that a lease is in



1 the best interest of the state.

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

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

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

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

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

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

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

31 (B) If less than the entire severed mineral interest is
 32 being redeemed, the county assessor shall reassess the severed mineral
 33 interest and provide the Commissioner of State Lands an assessed value to be
 34 used for the redemption of a portion of the mineral interest and for the
 35 remaining tax-delinquent mineral interest.

36 (3)(A) The Commissioner of State Lands may issue a redemption

1 deed to a portion of the tax delinquent severed mineral interest based upon
2 satisfactory evidence of ownership of the corresponding surface estate by:

3 (i) Both of the following:

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

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

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

12 (B) The Commissioner of State Lands may require the
13 redeeming party to furnish a survey if necessary to prepare the redemption
14 deed.

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

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

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

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

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