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2 94th General Assembly
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4

As Engrossed: H1/26/23

A Bill

HOUSE BILL 1191

5 By: Representative Richmond
6 By: Senator G. Stubblefield
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE LAW CONCERNING MANAGEMENT AND
10 SALE OF TAX DELINQUENT LANDS BY THE COMMISSIONER OF
11 STATE LANDS; TO STANDARDIZE THE USE OF THE TERM
12 "PARCEL"; AND FOR OTHER PURPOSES.
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Subtitle

15 TO AMEND THE LAW CONCERNING MANAGEMENT
16 AND SALE OF TAX DELINQUENT LANDS BY THE
17 COMMISSIONER OF STATE LANDS; AND TO
18 STANDARDIZE THE USE OF THE TERM "PARCEL".
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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24 SECTION 1. Arkansas Code § 21-6-203(c), concerning the Commissioner of
25 State Lands and definitions, is amended to read as follows:

26 (c) All funds, including proceeds, rates, fees, and charges collected
27 by the Commissioner of State Lands, shall be deposited into a financial
28 institution in the state of Arkansas or United State Treasury Securities.
29

30 SECTION 2. Arkansas Code § 26-37-103 is amended to read as follows:
31 26-37-103. Verification by county assessor.

32 (a) Prior to certification to the Commissioner of State Lands, the
33 county assessor shall:

34 (1) Verify the assessment to establish value on all parcels to
35 be certified;

36 (2) Verify the name and last known address of the owner of



1 record of the tax-delinquent ~~land~~ parcel; and

2 (3) Determine whether the tax-delinquent ~~land~~ parcel exists.

3 (A) If the tax-delinquent parcel is found to exist,
4 provide a valid legal description of the tax-delinquent parcel in compliance
5 with §§ 26-26-717 and 26-26-719.

6 (B) If the parcel does not exist, the county assessor
7 shall remove the delinquent entry from the assessment rolls.

8 ~~(b) If the land is found to be nonexistent, the county assessor shall~~
9 ~~remove the delinquent entry from the assessment rolls.~~

10 ~~(c) No tax delinquent land shall be certified~~ A tax delinquent parcel
11 shall not be transmitted by certification to the Commissioner of State Lands
12 without the county assessor's verification.

13 (c) In the event the Commissioner of State Lands determines the tax-
14 delinquent parcel is incorrectly certified for failure to meet the
15 requirements of this section, the Commissioner of State Lands shall return
16 the tax-delinquent parcel with the invalid certification to the county.

17
18 SECTION 3. Arkansas Code § 26-37-201(a)(1), concerning the publication
19 of notice and fee by the Commissioner of State Lands, is amended to read as
20 follows:

21 (a)(1) The Commissioner of State Lands shall publish a notice of sale
22 of ~~land~~ a parcel upon which the ad valorem property taxes have not been paid
23 in a newspaper having general circulation in the county where the ~~land~~ parcel
24 is located.

25
26 SECTION 4. Arkansas Code § 26-37-201(b), concerning the publication of
27 notice and fee by the Commissioner of State Lands, is amended to read as
28 follows:

29 (b) The notice shall:

30 ~~(1) Contain the assessed value of the land;~~

31 ~~(2)~~ Contain the amount of taxes, interest, penalties, and other
32 costs due on the ~~land~~ parcel;

33 ~~(3)-(A)-(2)(A)~~ Contain the name of the owner, the legal
34 description, and parcel number of the ~~land~~ parcel.

35 (B) A part or abbreviated legal description shall be
36 sufficient in the notice if the name of the owner and parcel number are

1 listed;

2 ~~(4)~~(3) Contain a list of all interested parties; and

3 ~~(5)~~(4) Indicate that the ~~land~~ parcel will be sold to the highest
4 successful bidder if the bid is equal to at least the amount of delinquent
5 taxes, penalties, interest, and the costs of the sale.

6

7 SECTION 5. Arkansas Code § 26-37-201(d), concerning the publication of
8 notice and fee by the Commissioner of State Lands, is amended to read as
9 follows:

10 (d)(1) Failure of the notice to contain the information required in
11 subsection (b) of this section does not invalidate an auction sale of the
12 ~~land~~ parcel unless an owner or interested party did not receive notice in
13 substantial compliance with § 26-37-301.

14

15 SECTION 6. Arkansas Code § 26-37-205(a), concerning the distribution
16 of funds by the Commissioner of State Lands, is amended to read as follows:

17 (a) All moneys collected by the Commissioner of State Lands from the
18 sale or redemption of tax-delinquent ~~lands~~ parcels shall be distributed as
19 follows:

20 (1)(A) First, to the Commissioner of State Lands, the penalties,
21 the collection fees, the sale costs, and the other costs as prescribed by
22 law.

23 (B) The sale costs include without limitation fees for
24 title work;

25 (2) Second, to each county an amount equal to the taxes due plus
26 interest and costs to the county as certified by the county collector, which
27 amount shall be held in an escrow fund administered by and remitted to the
28 county within one (1) calendar year of the receipt of the moneys by the
29 Commissioner of State Lands;

30 (3)(A) Third, to each county an amount equal to the delinquent
31 personal property taxes, plus penalty, of the owner or owners of the tax-
32 delinquent ~~land~~ parcel as certified by the county collector, which amount
33 shall be held in an escrow fund administered by and remitted to the county
34 after one (1) calendar year of the receipt of the moneys by the Commissioner
35 of State Lands.

36 (B) The Commissioner of State Lands shall review the

1 information provided by the county collector and any other interested party
2 to ascertain:

3 (i) Whether the personal property tax and penalty
4 qualifies to be withheld from the tax-delinquent ~~land~~ parcel sale proceeds;
5 and

6 (ii) The amount of personal property tax and penalty
7 that qualifies under this subdivision (a)(3) to be withheld.

8 (C) If the Commissioner of State Lands is required to make
9 a refund of the personal property taxes withheld under subdivision (a)(3)(A)
10 of this section to a purchaser of tax-delinquent ~~lands~~ parcels for any
11 reason, the amount of the refund shall be recovered by the Commissioner of
12 State Lands from the county or counties that originally received the proceeds
13 under this subdivision (a)(3) of the tax-delinquent ~~land~~ parcel sale.

14 (D) The Commissioner of State Lands shall promulgate rules
15 and forms needed to administer this subdivision (a)(3).

16 (E) This section does not require the Commissioner of
17 State Lands to search county records to determine whether an owner of the
18 tax-delinquent ~~land~~ parcel owes delinquent personal property taxes.

19 (F) This section does not grant a county a right to a lien
20 against real property for the payment of delinquent personal property tax;

21 (4)(A) Fourth, to the Department of Finance and Administration
22 an amount equal to the delinquent tax, penalty, and interest owed to the
23 department and for which certificates of indebtedness have been filed against
24 the owner or owners of the tax-delinquent ~~land~~ parcel as certified by the
25 department, which amount shall be held in an escrow fund administered by and
26 remitted to the department within one (1) calendar year after the receipt of
27 the moneys by the Commissioner of State Lands.

28 (B) If the Commissioner of State Lands is required to make
29 a refund of the taxes withheld under subdivision (a)(4)(A) of this section to
30 a purchaser of tax-delinquent ~~lands~~ parcels for any reason, the amount of the
31 refund shall be recovered by the Commissioner of State Lands from the
32 department from the proceeds originally received under this subdivision
33 (a)(4).

34 (C) The Commissioner of State Lands shall promulgate rules
35 and forms needed to administer this subdivision (a)(4);

36 (5)(A) Fifth, to each county an amount equal to the delinquent

1 solid waste assessments, plus penalty and interest, of the owner or owners of
2 the tax-delinquent ~~land~~ parcel as certified by the county collector, which
3 amount shall be held in an escrow fund administered by and remitted to the
4 county after one (1) calendar year of the receipt of the moneys by the
5 Commissioner of State Lands.

6 (B) The Commissioner of State Lands shall review the
7 information provided by the county collector and any other interested party
8 to ascertain:

9 (i) Whether the amount of delinquent solid waste
10 assessment and penalty and interest qualifies to be withheld from the tax-
11 delinquent ~~land~~ parcel sale proceeds; and

12 (ii) The amount of delinquent solid waste assessment
13 and penalty and interest that qualifies under this subdivision (a)(5) to be
14 withheld.

15 (C) If the Commissioner of State Lands is required to make
16 a refund of the delinquent solid waste assessment withheld under subdivision
17 (a)(5)(A) of this section to a purchaser of tax-delinquent ~~lands~~ parcels for
18 any reason, the amount of the refund shall be recovered by the Commissioner
19 of State Lands from the county or counties that originally received the
20 proceeds under this subdivision (a)(5) of the tax-delinquent ~~land~~ parcel
21 sale.

22 (D) The Commissioner of State Lands shall promulgate rules
23 and forms needed to administer this subdivision (a)(5).

24 (E) This section does not require the Commissioner of
25 State Lands to search county records to determine whether an owner of the
26 tax-delinquent ~~land~~ parcel owes delinquent solid waste assessments.

27 (F) This section does not grant a county a right to a lien
28 against real property for the payment of delinquent solid waste assessment;
29 and

30 (6) Sixth, to be placed in another escrow fund administered by
31 the Commissioner of State Lands, the remainder, if any.

32
33 SECTION 7. Arkansas Code § 26-37-205(b)(2)(A), concerning the
34 distribution of remaining funds to former owners of tax-delinquent land, is
35 amended to read as follows:

36 (2)(A) After payment is made to the Commissioner of State Lands

1 pursuant to subdivision (b)(1) of this section, the amount left in the
2 remaining funds shall be paid to the former owners of the tax-delinquent ~~land~~
3 parcel.

4
5 SECTION 8. Arkansas Code § 26-37-205(b)(2)(C)(ii), concerning the
6 application process to establish prior ownership of tax-delinquent land, is
7 amended to read as follows:

8 (ii) The application shall be provided by the
9 Commissioner of State Lands and shall require proof of ownership of the tax-
10 delinquent ~~land~~ parcel as well as proof of authority to act on behalf of the
11 owner.

12
13 SECTION 9. Arkansas Code § 26-37-205(b)(2)(D)(i), concerning the
14 requirements to obtain payment of excess funds by a prior owner of tax-
15 delinquent lands, is amended to read as follows:

16 (D)(i) The former owner shall release and relinquish all
17 rights, title, and interests in and to the tax-delinquent ~~land~~ parcel.

18
19 SECTION 10. Arkansas Code § 26-37-205(b)(3), concerning the obsolete
20 provisions of the law regarding escrow funds for excess funds, is repealed.

21 ~~(3)(A) Any funds placed in escrow prior to July 1, 2005, shall~~
22 ~~be held in escrow for five (5) years and at the end of the five year period,~~
23 ~~if the funds have not been distributed, the escrow funds shall escheat by~~
24 ~~operation of law to the county in which the property is located.~~

25 ~~(B) Any funds placed in escrow on and after July 1, 2005,~~
26 ~~but before July 1, 2018, shall be held for three (3) years, and at the end of~~
27 ~~the three year period, if the funds have not been distributed, the escrow~~
28 ~~funds shall escheat by operation of law to the county in which the property~~
29 ~~is located.~~

30 ~~(C) Any funds placed in escrow on and after July 1, 2018,~~
31 ~~shall be held for two (2) years, and at the end of the two year period, if~~
32 ~~the funds have not been distributed, the escrow funds shall escheat by~~
33 ~~operation of law to the county in which the property is located.~~

34
35 SECTION 11. Arkansas Code § 26-37-205(c)-(e), concerning the
36 distribution of proceeds from the redemption or sale of tax-delinquent lands

1 to municipal taxing units, is amended to read as follows:

2 (c) Any funds placed in escrow shall be held by the Commissioner of
3 State Lands for two (2) years from the date the funds are placed in escrow,
4 and if at the conclusion of that time the funds have not been distributed,
5 the escrow funds shall escheat by operation of law to the county in which the
6 parcel is located.

7 (d) All funds distributed to each county by the Commissioner of State
8 Lands from the redemption or sale of tax-delinquent ~~lands~~ parcels, including
9 any interest and costs, are to be distributed to the applicable taxing units
10 where the delinquent ~~land~~ parcel is located within the county in the manner
11 and proportion that the taxes would have been distributed if they had been
12 collected in the year due.

13 ~~(d)~~(e) All funds received by a county from the redemption of tax-
14 delinquent ~~land~~ parcels at the county level, including any penalty, interest,
15 and costs, are to be distributed to the applicable taxing units where the
16 delinquent ~~land~~ parcel is located within the county in the manner and
17 proportion that the taxes would have been distributed if they had been
18 collected in the year due.

19 ~~(e)~~(f) *This section shall be severable, and if any phrase, clause,*
20 *sentence, or provision of this section is declared to be contrary to the laws*
21 *of this state, the validity of the remainder of this section shall not be*
22 *affected.*

23
24 SECTION 12. Arkansas Code § 26-37-303(a), concerning redemption deeds
25 issued by the Commissioner of State Lands, is amended to read as follows:

26 (a) If the owner or redeemer redeems the tax-delinquent ~~land~~ parcel,
27 *the Commissioner of State Lands shall issue:*

28 (1) A redemption deed in the name of the owner ~~or redeemer~~ and
29 record it in the county wherein the ~~land~~ parcel is located; and

30 (2) A redemption receipt to the redeemer.

31
32 SECTION 13. Arkansas Code § 26-37-303(b)(2), concerning specific
33 attributes of redemption deeds issued by the Commissioner of State Lands, is
34 amended to read as follows:

35 (2) Not convey or change the legal ownership to the ~~property~~
36 parcel redeemed.

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SECTION 14. Arkansas Code § 26-37-310 is amended to read as follows:

26-37-310. Procedure for redeeming ~~land~~ parcels certified to state –
Definition.

(a) All ~~land~~ parcels forfeited to the state for nonpayment of taxes may, until disposed of by the state, be redeemed under this section.

(b) To request redemption under subsection (a) of this section, a person shall submit the following to the Commissioner of State Lands:

(1)(A) An executed petition with a verified signature to redeem the ~~property~~ parcel in a form prescribed by the Commissioner of State Lands.

(B) The Commissioner of State Lands shall make the petition form available upon request;

(2) Payment in an amount equal to the total of outstanding taxes, penalties, interest, fees, and costs owed at the time the petition is received by the Commissioner of State Lands; and

(3) Any additional documentation requested by the Commissioner of State Lands.

(c) The total amount due under subdivision (b)(2) of this section shall not be raised or lowered for thirty (30) days after the date the redemption under subsection (a) of this section is requested, unless:

(1) The ~~property~~ parcel has been sold;

(2) The records have been amended by a county; or

(3) The actual costs, fees, and taxes are added to the total amount due.

(d) An updated petition to redeem shall be provided to the Commissioner of State Lands, if the date of the submission of the petition to redeem has expired or additional costs, fees, and taxes have accrued.

(e) Petitions and payment in full received by the Commissioner of State Lands at least thirty (30) days before and no later than ten (10) days following the sale date shall be made in cash, certified funds, or as provided in § 26-37-302.

(f)(1) Upon redemption, a redemption deed will be issued by the Commissioner of State Lands.

(2) The deed shall be forwarded to the circuit clerk of the county in which the ~~land or lot~~ parcel conveyed by the deed is situated, to be filed of record.

1 (3)(A) The Commissioner of State Lands may establish by rule a
2 fee for producing a redemption deed.

3 (B)(i) A fee under this subsection shall not be
4 established in an amount that exceeds the costs expended by the Commissioner
5 of State Lands in producing or filing the redemption deed or performing the
6 services required to carry out the established duties of the ~~office~~ Office of
7 the Commissioner of State Lands.

8 (ii) As used in subdivision (f)(3)(B)(i) of this
9 section, "costs" means the actual costs expended by the Commissioner of State
10 Lands plus three percent (3%) of the actual costs expended by the
11 Commissioner of State Lands.

12 (g) The redemption deed shall serve as proof that payment has been
13 received by the Commissioner of State Lands, in accordance with the
14 provisions of § 26-37-302, and does not convey or change the legal ownership
15 to the property redeemed.

16 (h) Upon receipt of the redemption deed, the county collector shall
17 extend on the tax book against the ~~land~~ parcel or lot the taxes other than
18 state and county for the years that the taxes have not been paid since the
19 sale of the ~~land or lot~~ parcel to the state, and these taxes shall be charged
20 and collected as other taxes.

21 (i) The proceeds of all redemptions of forfeited ~~land~~ parcels shall be
22 divided between the county where the ~~land~~ parcel is situated and the
23 state, as set forth in § 26-37-205, and paid over in the manner as required
24 and provided in this section.

25
26 SECTION 15. Arkansas Code § 26-37-313 is repealed.

27 ~~26-37-313. Reassessment of parcels of land upon depreciation since~~
28 ~~forfeiture.~~

29 ~~(a)(1) Town and city lots and blocks and acreage tracts, lots, blocks,~~
30 ~~divisions, and subdivisions that have been platted and sold as being outside~~
31 ~~of the corporate limits of towns and cities, and rural lots and parcels of~~
32 ~~land now, or which may hereafter be, forfeited to the state for nonpayment of~~
33 ~~taxes due thereon that have depreciated in value since forfeiture may be~~
34 ~~reassessed at their present value by the county assessor of the county in~~
35 ~~which the lands are located, upon application being made in writing by the~~
36 ~~application to redeem or purchase them, setting forth the reasons for the~~

1 reassessment. No application shall contain more than five (5) descriptive
2 calls. Before any such reassessment shall be valid, it shall be presented to
3 the county judge and the chief county school officer of the county in which
4 the lands are located and approved by them in writing and made a matter of
5 record in the county by the county clerk.

6 (2) The fee of the county assessor shall be one dollar (\$1.00)
7 for each application. The fee shall be paid to the county treasurer and
8 credited by him or her to the county general revenue fund. The fee of the
9 county clerk shall be the regular fee allowed by law and shall be paid by the
10 applicant seeking reassessment.

11 (b)(1) If the county assessor deems the assessment for which parcels
12 of land were forfeited to be too high, he or she shall prepare a certificate
13 stating that a reassessment has been made under this section and shall state,
14 under oath, the cause for the depreciation in the value of the lots or
15 parcels of land.

16 (2) The county assessor, the county judge, and the chief county
17 school officer are prohibited from making any such reassessment as set out in
18 this section except for the following causes:

19 (A) Burned buildings not replaced and on which the
20 applicant did not collect insurance;

21 (B) Buildings removed and from which the applicant
22 received no benefit;

23 (C) Erosion;

24 (D) Damage by flood;

25 (E) Damage by tornado;

26 (F) Removal of timber from which the applicant received no
27 benefit; or

28 (G) Any act of God.

29 (3) When the reassessment has been made, a complete record
30 thereof, including a certified copy of the application, the reassessment, and
31 the court order, shall be forwarded to the Commissioner of State Lands, who
32 shall, upon its receipt, enter it upon a record to be kept by him or her in
33 his or her office for that purpose, and he or she shall issue redemption
34 deeds or sale deeds for forfeited lands in the manner and form provided by
35 law, based upon the reassessment value.

36

/s/Richmond

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