

COMMISSIONER OF STATE LANDS

Enabling Laws

Act 191 of 2005

Constitution of Arkansas, Article 6

Constitution of Arkansas, Amendment 37 (repealed) Amendment 56

History and Organization

LAND DEPARTMENT

The Commissioner of State Lands is an elected official serving a four-year term of office. Constitutional Amendment 37, approved by the voters in 1946, established the Commissioner of State Lands as one of Arkansas' seven popularly elected constitutional officers.

One of the major responsibilities of the Commissioner of State Lands is to return to private ownership those lands that have been certified to the state for non-payment of ad valorem real estate taxes. The procedure used is outlined in Act 626 of 1983, as amended. Essentially, this is accomplished either by the owner of record redeeming the land by paying the taxes, or by selling the property at a public sale.

The Commissioner of State Lands retains forfeited lands for two years, during which time owners may redeem their property by paying all taxes, penalties, interest and costs due. During this period diligent efforts are made to make the owner aware that his taxes are delinquent, including a notice by certified mail. If the owner does not redeem his land during this time period, the office offers the parcel for sale at a public auction. These sales are held throughout the state in the county in which the property is located. This process guarantees that the lands will continue to generate the revenues required to provide essential public services.

The Commissioner of State Lands office leases the minerals on all state owned lands, including the beds of the navigable waterways in the state with the exception of those lands held by the Arkansas Game and Fish Commission. The office currently supervises the payments on 64 leases for oil and gas rights, as well as 35 sand and gravel permits and 3 brine leases within the state.

This office is directed to maintain a file of the deeds to all lands owned by the State of Arkansas or its agencies and institutions with the exception of the Arkansas Highway and Transportation Department. The information is published in booklet form and is available to the public.

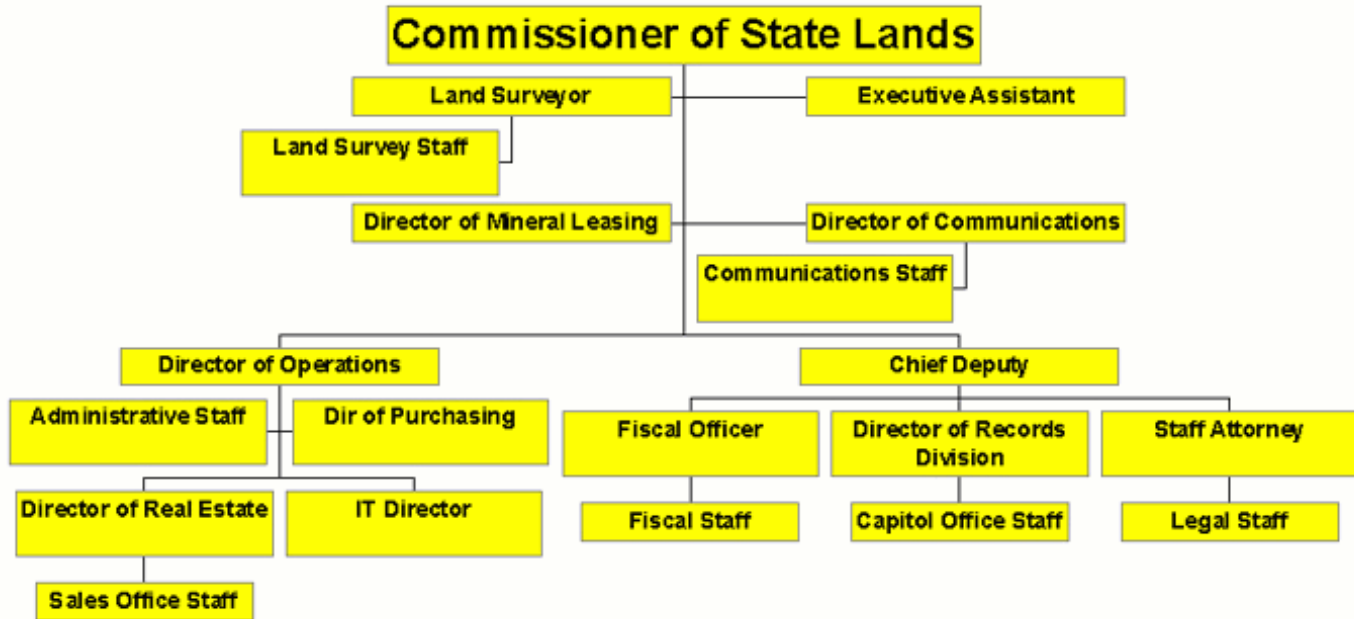
LAND SURVEY DIVISION

The Commissioner of State Lands office houses the office of the State Land Surveyor. The Division of Land Surveys was created by Act 458 of 1973 and provides that the head of the division be known as the State Surveyor. The Division of Land Surveys was transferred from the Geological Commission to the Commissioner of State Lands Office by Act 1417 of 2001.

The primary functions of the Division of Land Surveys are (1) the establishment, maintenance, and preservation of land monuments, section corners, and other physical accessories of the United States Public Land survey within the State of Arkansas, the field notes, plats and other documents relating and evidencing

the United States Public Land Survey, and (2) the prescribing of general land survey regulations.

The Division of Land Surveys houses and maintains copies of the original survey notes and plats, and other land survey information. Duplicates of all survey information may be obtained upon request.



Agency Commentary

LAND DEPARTMENT

The Commissioner of State Lands is responsible for the disposition of tax delinquent real property forfeited to the State from Arkansas counties following the timetable prescribed in the statutes. Once the tax delinquent land is forfeited to the State, the Commissioner of State Lands is charged with the responsibility to contact the delinquent owner, as well as any known interested parties, by certified mail or service of process giving notice that the property is delinquent and that unless redeemed, it will be offered for sale at public auction. However the mission of this office is to collect the delinquent taxes prior to offering parcels for public auction. Approximately 88% of all parcels forfeited are redeemed prior to the sale or during the 30-day redemption period following the sale. Since the implementation of Act 626 of 1983 the Commissioner of State Lands office has collected over \$164 million from the redemption and sale of tax delinquent property, with less than 12% of those dollars derived from the actual sale of the property.

In January 2006, the Commissioner of State Lands was a party to a landmark ruling by the United States Supreme Court (*Jones v. Flowers*). In its decision, the court ruled the State of Arkansas must "take additional reasonable steps to provide notice before taking the owner's property." Although aggressive attempts to notify owners has already caused substantial increases in recording fees, title reports and refunds, the ruling places an additional burden upon the State to do even more. The Commissioner of State Lands is proposing lowering the title report threshold from \$4,000.00 to

\$2,000.00 thus increasing the number of interested parties to notify. The Commissioner of State Lands will also increase the use of process serving, in particular with regard to occupied structures. Therefore, the Commissioner of State Lands is requesting additional monies for these costs. These increases will be funded by revenues generated by the Commissioner of State Lands office and not general revenue funds.

In the interim the Commissioner of State Lands has twice requested an additional \$2.5 million appropriation from cash funds for refunds to purchasers of tax delinquent lands. These refunds occur when owners redeem their properties after the sale has occurred. This request is to bring the current line item appropriation for refunds to match actual dollars refunded. This increase will be funded by revenues generated by the Commissioner of State Lands office and not general revenue funds.

The upgrade requested for the Staff Attorney position will work toward bringing the salary in line with that position in other elected offices. This position requires a person with highly specialized expertise and understanding of the laws governing the sale of tax delinquent lands as well as knowledge of the case law compiled since the inception of the current laws. Additionally, this position has evolved over the past several years demanding more time as well as a higher degree of skill level. Specifically, the number of cases litigated has increased and the number of appeals to the Arkansas Court of Appeals, the Arkansas Supreme Court and the United States Supreme Court has increased sharply. Competent representation at the appellate level is both time intensive and requires highly developed research and briefing expertise. In light of the ruling in Jones v. Flowers, the Commissioner of State Lands is anticipating a substantial increase in the number of tax sales challenged under the ruling. Therefore, the Commissioner of State Lands is requesting an additional attorney position.

LAND SURVEY DIVISION

The Division of Land Surveys maintains a program that began in 1976 for the perpetuation and establishment of survey monuments by agreement with registered Professional Surveyors in Arkansas with funds allotted for that purpose. The payment for setting monuments to Professional Surveyors was increased to be more in line with current industry and professional guidelines. The Division records for Corners currently contains over 14,000 land corner records which covers approximately 7% of the total number of corners established by the United States Public Land Survey in Arkansas. Additionally, half the counties are without High accuracy Reference Network (HARN) reference monuments. The HARN monuments are necessary to not only surveyors and landowners but also county assessors and the Arkansas Geographic Information Office. The fund increase is requested from general revenue funds.

The Division of Land Surveys maintains records of land boundary surveys conducted statewide since the establishment of Standards of Practice No. 1, Arkansas Minimum Standards for Property Boundary Surveys and Plats in 1982. Division land boundary survey records currently contain approximately 170,000 records.

The upgrades requested for Land Records Custodian and Executive secretary positions will work toward bringing the salaries in line with the increased duties of survey records maintenance. These positions require expertise in working networks and with computer generated database records.

Included in the database management are duties that involve scanning and linking digital images. The databases and digital imaging when complete will make records retrieval by staff, surveyors and the public much faster.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 ARKANSAS STATE LAND DEPARTMENT
 FOR THE YEAR ENDED JUNE 30, 2005

Findings	Recommendations
<p>During routine receipt reconciliation procedures on April 28, 2005, Agency personnel discovered daily receipts were short \$3,408. The Arkansas State Police conducted an investigation in which Ms. Angela Mooney, former Forfeited Land Sales Technician, indicated she misappropriated Agency funds. Subsequently, the Sixth Judicial District Prosecuting Attorney filed theft of property charges against Ms. Mooney. Of the \$3,408 misappropriated, the Agency has recovered \$378 from a customer who issued the Agency a replacement check, leaving \$3,030 due the Agency.</p>	

Employment Summary

	Male	Female	Total	%
White Employees	12	27	39	89 %
Black Employees	1	4	5	11 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			5	11 %
Total Employees			44	100 %

Cash Fund Balance Description as of June 30, 2006

Fund Account	Balance	Type	Location
1170000	\$24,000,000	CD	Various Banks

Statutory/Other Restrictions on use:

A.C.A. §26-37-205 Funds are collected through redemption and sale of tax delinquent lands. Tax amounts are returned to counties where properties are located, along with interest money collected and county costs. Penalty and costs are retained by the Commissioner of State Lands to fund on-going operations of the office.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. §21-6-203 Commissioner of State Lands deposits fees, penalties, etc. into cash funds, retained by the Commissioner of State Lands to fund on-going operations of the office.

Revenue Receipts Cycle:

N/A

Fund Balance Utilization:

Fund balances are maintained to utilize as pass-through mechanist to return taxes to counties, payment of recording fees, return excess proceeds of land sales to former owners, ongoing expenses of the office, etc.

Fund Account	Balance	Type	Location
1170000	\$10,279,126	Checking	First Security Bank, Searcy

Statutory/Other Restrictions on use:

A.C.A. §26-37-205 Funds are collected through redemption and sale of tax delinquent lands. Tax amounts are returned to counties where properties are located, along with interest money collected and county costs. Penalty and costs are retained by the Commissioner of State Lands to fund on-going operations of the office.

Statutory Provisions for Fees, Fines, Penalties:

A.C.A. §21-6-203 Commissioner of State Lands deposits fees, penalties, etc. into cash funds, retained by the Commissioner of State Lands to fund on-going operations of the office.

Revenue Receipts Cycle:

N/A

Fund Balance Utilization:

Fund balances are maintained to utilize as pass-through mechanist to return taxes to counties, payment of recording fees, return excess proceeds of land sales to former owners, ongoing expenses of the office, etc.

**CASH FUND BALANCE DESCRIPTION
AS OF JUNE 30, 2006**

Fund Account	Balance	Type	Location
1170100-1000	500,000	CD	Amity Chambers Bank
	500,000	CD	Arkadelphia, Summit Bank of
	500,000	CD	Augusta, Bank of
	500,000	CD	Bank of Brinkley
	1,000,000	CD	Bank of Fayetteville
	500,000	CD	Chambers Bank Danville
	1,000,000	CD	Chart Bank of Perryville
	500,000	CD	Citizens Bank Batesville
	1,000,000	CD	Conway First State Bank
	500,000	CD	El Dorado First Financial Bank
	500,000	CD	Farmers & Merchants Bk, Stuttgart
	500,000	CD	Farmers Bank Greenwood
	500,000	CD	First Bank of South Arkansas
	1,000,000	CD	First Nat'l Bank Hot Springs
	1,000,000	CD	First Nat'l Bank of Paragould
	1,000,000	CD	First Nat'l Bank of Wynne
	500,000	CD	First Security Bank, Conway
	500,000	CD	First Service Bank Greenbrier
	500,000	CD	First National Bank Crossett
	500,000	CD	Helena National Bank
	1,000,000	CD	Liberty Bank Jonesboro
	1,500,000	CD	Little Rock Metropolitan Bank
	500,000	CD	Little Rock One Bank & Trust
	500,000	CD	Magnolia Farmer's Bank & Trust
	500,000	CD	Malvern, Summit Bank of
	500,000	CD	National Bank of Arkansas
	2,000,000	CD	North Little Rock Twin City Bank
	500,000	CD	Petit Jean State Bank
	500,000	CD	Sheridan Peoples Bank
	1,000,000	CD	Summit Bank of Hope
	500,000	CD	Texarkana Regions Bank
	500,000	CD	The Bank of Rogers
	500,000	CD	The Bank of Salem
	500,000	CD	Union Bank, Benton
	500,000	CD	US Bank of Little Rock

Publications

A.C.A 25-1-204

Name	Statutory Authorization	Required for		# Of Copies	Reason (s) for Continued Publication and Distribution
		Governor	General Assembly		
None	N/A	N	N	0	N/A

Department Appropriation Summary

		Historical Data						Agency Request and Executive Recommendation							
Appropriation		2005-2006		2006-2007		2006-2007		2007-2008				2008-2009			
		Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Agency	Pos	Executive	Pos
006	Operations	2,642,499	49	3,255,181	48	3,255,181	48	3,159,188	45	0	0	3,395,056	45	0	0
084	Natural Resources Leasing	3,653	0	15,000	0	15,000	0	15,000	0	0	0	15,000	0	0	0
33P	Land Survey Division	0	0	0	0	0	0	443,442	4	0	0	455,730	4	0	0
A14	Opr Expenses / Capital Outlay	194,212	0	267,800	0	267,800	0	267,800	0	0	0	267,800	0	0	0
B28	Delinquent Tax-Cash	19,686,884	0	19,791,000	0	17,216,000	0	20,291,000	0	0	0	20,291,000	0	0	0
NOT REQUESTED FOR THE BIENNIUM															
C40	Legal Expenses Cash	76,684	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		22,603,932	49	23,328,981	48	20,753,981	48	24,176,430	49	0	0	24,424,586	49	0	0

Funding Sources			%		%		%		%		%		%
Fund Balance	4000005	28,866,418	50.7	34,375,186	59.6			34,375,186	58.7	0	0.0	34,375,186	58.5
General Revenue	4000010	0	0.0	0	0.0			443,442	0.8	0	0.0	455,730	0.8
Special Revenue	4000030	3,653	0.0	15,000	0.0			15,000	0.0	0	0.0	15,000	0.0
State Central Services	4000035	2,642,499	4.6	3,255,181	5.6			3,159,188	5.4	0	0.0	3,395,056	5.8
Cash Fund	4000045	25,466,548	44.7	20,058,800	34.8			20,558,800	35.1	0	0.0	20,558,800	34.9
Total Funds		56,979,118	100.0	57,704,167	100.0			58,551,616	100.0	0	0.0	58,799,772	100.0
Excess Appropriation/(Funding)		(34,375,186)		(34,375,186)				(34,375,186)		0		(34,375,186)	
Grand Total		22,603,932		23,328,981				24,176,430		0		24,424,586	

No Executive Recommendation made on these appropriations.

Agency Position Usage Report

FY2004-2005						FY2005-2006						FY2006-2007					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
48	43	5	48	0	10.42%	48	44	4	48	0	8.33%	48	44	4	48	0	8.33%

Appropriation Summary

Appropriation: 006 Operations
Funding Sources: HSC - State Central Services

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2005-2006 Actual	2006-2007 Budget	2006-2007 Authorized	2007-2008			2008-2009		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,849,517	2,345,223	2,345,223	2,462,460	2,370,981	0	2,585,570	2,487,766	0
#Positions		44	48	48	48	45	0	48	45	0
Extra Help	5010001	29,756	40,000	40,000	40,000	40,000	0	40,000	40,000	0
#Extra Help		5	5	5	5	5	0	5	5	0
Personal Services Matching	5010003	592,314	696,524	696,524	703,333	672,207	0	728,263	695,856	0
Operating Expenses	5020002	83,229	84,122	84,122	84,122	66,000	0	84,122	84,122	0
Conference & Travel Expenses	5050009	12,070	12,312	12,312	12,312	10,000	0	12,312	12,312	0
Professional Fees	5060010	74,991	75,000	75,000	75,000	0	0	75,000	75,000	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	622	2,000	2,000	0	0	0	0	0	0
Total		2,642,499	3,255,181	3,255,181	3,377,227	3,159,188	0	3,525,267	3,395,056	0
Funding Sources										
State Central Services	4000035	2,642,499	3,255,181		3,377,227	3,159,188	0	3,525,267	3,395,056	0
Total Funding		2,642,499	3,255,181		3,377,227	3,159,188	0	3,525,267	3,395,056	0
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		2,642,499	3,255,181		3,377,227	3,159,188	0	3,525,267	3,395,056	0

Four (4) positions are being transferred into 33P - Land Survey Division.
 One (1) new position is being requested in 006 - Operations.

Change Level by Appropriation

Appropriation: 006-Operations
Funding Sources: HSC - State Central Services

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	3,377,227	48	3,377,227	100.0	3,525,267	48	3,525,267	100.0
C01	Existing Program	93,486	1	3,470,713	102.7	95,844	1	3,621,111	102.7
C03	Discontinue Program	(95,434)	0	3,375,279	99.9	0	0	3,621,111	102.7
C07	Agency Transfer	(232,780)	(4)	3,142,499	93.0	(243,578)	(4)	3,377,533	95.8
C15	Ex Salary Increase	16,689	0	3,159,188	93.5	17,523	0	3,395,056	96.3

Appropriation Summary

Appropriation: 084 Natural Resources Leasing
Funding Sources: SSR - Severed Resources Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	3,653	15,000	15,000	15,000	15,000	0	15,000	15,000	0
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	0	0	0	0	0	0	0	0	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	3,653	15,000	15,000	15,000	15,000	0	15,000	15,000	0
Funding Sources									
Special Revenue 4000030	3,653	15,000		15,000	15,000	0	15,000	15,000	0
Total Funding	3,653	15,000		15,000	15,000	0	15,000	15,000	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	3,653	15,000		15,000	15,000	0	15,000	15,000	0

Appropriation Summary

Appropriation: 33P Land Survey Division
Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	0	0	0	0	198,574	0	0	208,502	0
#Positions	0	0	0	0	4	0	0	4	0
Personal Services Matching 5010003	0	0	0	0	57,012	0	0	59,022	0
Operating Expenses 5020002	0	0	0	0	61,986	0	0	61,986	0
Conference & Travel Expenses 5050009	0	0	0	0	4,350	0	0	4,350	0
Professional Fees 5060010	0	0	0	0	86,520	0	0	86,870	0
Capital Outlay 5120011	0	0	0	0	35,000	0	0	35,000	0
Total	0	0	0	0	443,442	0	0	455,730	0
Funding Sources									
General Revenue 4000010	0	0		0	443,442	0	0	455,730	0
Total Funding	0	0		0	443,442	0	0	455,730	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	0		0	443,442	0	0	455,730	0

These four (4) positions are being transferred from 006 - Operations.

Change Level by Appropriation

Appropriation: 33P-Land Survey Division

Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
C01	Existing Program	187,856	0	187,856	100.0	188,206	0	188,206	100.0
C07	Agency Transfer	232,780	4	420,636	223.9	243,578	4	431,784	229.4
C15	Ex Salary Increase	22,806	0	443,442	236.0	23,946	0	455,730	242.1

Appropriation Summary

Appropriation: A14 Opr Expenses / Capital Outlay
Funding Sources: 117 - Commissioner of State Lands - Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Capital Outlay/Operating Exp 5900046	194,212	267,800	267,800	267,800	267,800	0	267,800	267,800	0
Total	194,212	267,800	267,800	267,800	267,800	0	267,800	267,800	0
Funding Sources									
Fund Balance 4000005	70,675	26,807		26,807	26,807	0	26,807	26,807	0
Cash Fund 4000045	150,344	267,800		267,800	267,800	0	267,800	267,800	0
Total Funding	221,019	294,607		294,607	294,607	0	294,607	294,607	0
Excess Appropriation/(Funding)	(26,807)	(26,807)		(26,807)	(26,807)	0	(26,807)	(26,807)	0
Grand Total	194,212	267,800		267,800	267,800	0	267,800	267,800	0

Appropriation Summary

Appropriation: B28 Delinquent Tax-Cash
Funding Sources: 117 - Commissioner of State Lands - Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	968,047	986,000	986,000	986,000	986,000	0	986,000	986,000	0
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	9,590	30,000	30,000	30,000	530,000	0	30,000	530,000	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Refunds/Reimbursements 5110014	240,015	200,000	200,000	200,000	275,000	0	200,000	275,000	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Delinquent Tax Remittal/Sale Refunds 5900046	18,469,232	18,575,000	16,000,000	16,000,000	18,500,000	0	16,000,000	18,500,000	0
Total	19,686,884	19,791,000	17,216,000	17,216,000	20,291,000	0	17,216,000	20,291,000	0
Funding Sources									
Fund Balance 4000005	28,795,743	34,348,379		34,348,379	34,348,379	0	34,348,379	34,348,379	0
Cash Fund 4000045	25,239,520	19,791,000		17,216,000	20,291,000	0	17,216,000	20,291,000	0
Total Funding	54,035,263	54,139,379		51,564,379	54,639,379	0	51,564,379	54,639,379	0
Excess Appropriation/(Funding)	(34,348,379)	(34,348,379)		(34,348,379)	(34,348,379)	0	(34,348,379)	(34,348,379)	0
Grand Total	19,686,884	19,791,000		17,216,000	20,291,000	0	17,216,000	20,291,000	0

Change Level by Appropriation

Appropriation: B28-Delinquent Tax-Cash
Funding Sources: 117 - Commissioner of State Lands - Cash

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	17,216,000	0	17,216,000	100.0	17,216,000	0	17,216,000	100.0
C01	Existing Program	3,075,000	0	20,291,000	117.8	3,075,000	0	20,291,000	117.8

Appropriation Summary

Appropriation: C40 Legal Expenses Cash
Funding Sources: 117 - United States Supreme Court Case - Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
US Supreme Court Case 5900040	76,684	0	0	0	0	0	0	0	0
Total	76,684	0	0	0	0	0	0	0	0
Funding Sources									
Cash Fund 4000045	76,684	0		0	0	0	0	0	0
Total Funding	76,684	0		0	0	0	0	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	76,684	0		0	0	0	0	0	0

THIS APPROPRIATION IS NOT REQUESTED FOR THE NEW BIENNIUM.