

COMMISSIONER OF STATE LANDS

Enabling Laws

Act 529 of 2007

Constitution of Arkansas, Article 6

Constitution of Arkansas, Amendment 37 (repealed) Amendment 56

History and Organization

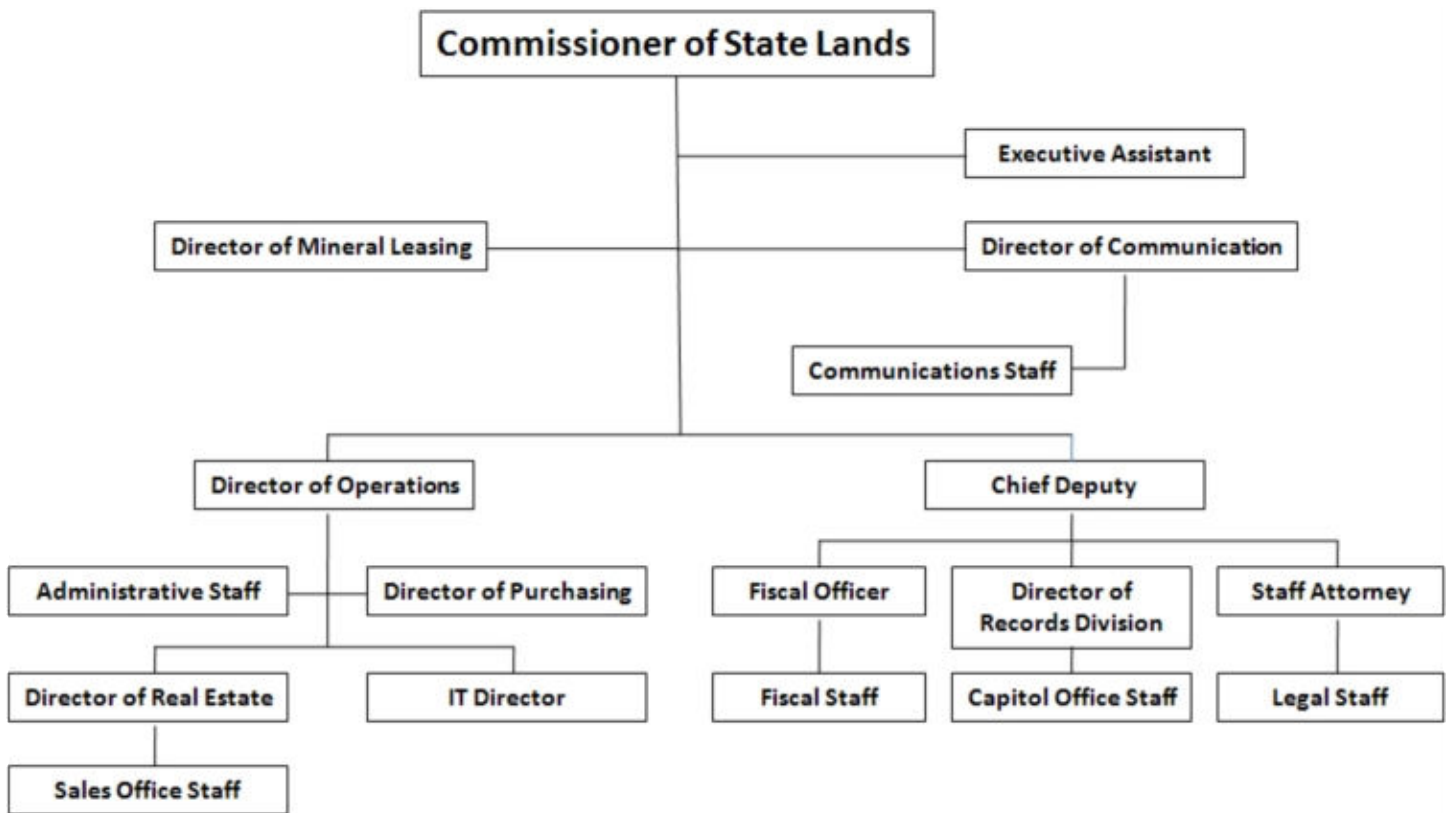
The Commissioner of State Lands is an elected official serving a four-year term of office. Constitutional Amendment 37, approved by the voters in 1946, established the Commissioner of State Lands as one of Arkansas' seven popularly elected constitutional officers.

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 107 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.



Agency Commentary

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 of contacting the delinquent owner, as well as any known interested parties, by certified mail or actual notice by process service, 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 \$184 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.

The Commissioner of State Lands proposes the following budget changes for the 2009-2011 biennium:

Operations (Appropriation 006)

Base Level salaries for unclassified positions reflect Cost of Living Allowance adjustments of 5% in FY10 and 2.3% in FY11. The Base Level request for Regular Salaries may include Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Commissioner of State Lands requests Base Level for this appropriation.

Delinquent Tax (Appropriation B28)

The Commissioner of State Lands is requesting a 5% increase in Maintenance and Operations to fund cost of living increases in daily operations such as rent of facilities, fuel and publication costs. An increase in this appropriation has not been requested since FY03. A second increase is requested for the Professional Fees (Legal) appropriation. As a result of the United States Supreme Court Case, Jones v. Flowers, the Commissioner of State Lands has been exposed to an increased risk of litigation liability. In order to mitigate this liability, the Commissioner’s office has expanded the number of properties being served with actual notice or with posting. A third increase is requested for the Refunds/Reimbursement appropriation which funds the reimbursement of recording fees to the county circuit clerks for recording redemption deeds and sale deeds. Act 1299 of the 86th General Assembly, now Act 615 of 2007, increased the recording fee for the recording of documents from eight dollars (\$8) per page to fifteen dollars (\$15) per page. A final increase is requested for the Delinquent Tax Remittal appropriation as a result of House Bill 2759 of the 85th General Assembly, now Act 1880 of 2005. This Act reduced the turnback period on excess proceeds from seven to five years. As a result, the Commissioner’s office will be required to return to the counties two turnback years, instead of one, during fiscal years 2011 and 2012. All of these requested increases would be funded by revenues generated by the Commissioner of State Lands Office and not general revenue funds.

Natural Resources Leasing (Appropriation 084)

The Commissioner of State Lands is requesting a reallocation of resources from the Natural Resources Leasing and Permit Program to the Delinquent Tax appropriation. The Severed Resources Fund has not been sufficient to fully support this appropriation. Therefore, the Commissioner is requesting to combine these appropriations to adequately provide for this program. The Commissioner has also requested special language to redirect these revenues to the existing cash fund.

Operating Expenses/Capital Outlay (Appropriation A14)

The Commissioner of State Lands requests Base Level for this appropriation.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS STATE LAND DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	12	24	36	90 %
Black Employees	1	3	4	10 %
Other Racial Minorities	0	0	0	0 %
		Total Minorities	4	10 %
		Total Employees	40	100 %

Cash Fund Balance Description as of June 30, 2008

Fund Account	Balance	Type	Location
1170000	\$24,500,000	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 his 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 his 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	\$10,454,665	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 his 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 his 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
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
	2,000,000	CD	Centennial Bank
	500,000	CD	Chambers Bank Danville
	1,000,000	CD	Chart Bank of Perryville
	1,000,000	CD	Conway First State Bank
	500,000	CD	El Dorado First Financial Bank
	500,000	CD	Farmers & Merchants Bank Stuttgart
	500,000	CD	Farmers Bank Greenwood
	1,000,000	CD	First National Bank Hot Springs
	1,000,000	CD	First National Bank of Paragould
	1,000,000	CD	First National Bank of Wynne
	500,000	CD	First Security Bank, Conway
	500,000	CD	First Service Bank Greenbrier
	1,000,000	CD	Liberty Bank Jonesboro
	1,000,000	CD	Little Rock Metropolitan Bank
	500,000	CD	Little Rock One Bank & Trust
	500,000	CD	Magnolia Farmer's Bank & Trust
	1,000,000	CD	National Bank of Arkansas
	2,000,000	CD	North Little Rock Twin City Bank
	500,000	CD	Petit Jean State Bank
	1,000,000	CD	Pine Bluff National Bank
	500,000	CD	Sheridan Peoples Bank
	1,000,000	CD	Summit Bank of Hope
	500,000	CD	The Bank of Rogers
	1,000,000	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	2007-2008		2008-2009		2008-2009		2009-2010						2010-2011					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
006 Operations	2,449,193	38	3,101,399	45	3,138,856	45	3,283,060	45	3,283,060	45	0	0	3,350,531	45	3,350,531	45	0	0
084 Natural Resources Leasing	14,982	0	15,000	0	15,000	0	15,000	0	0	0	0	0	15,000	0	0	0	0	0
A14 Operating Expenses / Capital Outlay	140,908	0	267,800	0	267,800	0	267,800	0	267,800	0	0	0	267,800	0	267,800	0	0	0
B28 Delinquent Tax-Cash	16,699,053	0	20,291,000	0	20,291,000	0	20,291,000	0	21,665,304	0	0	0	20,291,000	0	22,717,068	0	0	0
Total	19,304,136	38	23,675,199	45	23,712,656	45	23,856,860	45	25,216,164	45	0	0	23,924,331	45	26,335,399	45	0	0

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	33,117,734	61.0	34,954,665	59.6	34,954,665	59.4	34,954,665	58.1	0	0.0	34,954,665	59.4	34,954,665	57.0	0	0.0
Special Revenue	4000030	14,982	0.0	15,000	0.0	15,000	0.0	0	0.0	0	0.0	15,000	0.0	0	0.0	0	0.0
State Central Services	4000035	2,449,193	4.5	3,101,399	5.3	3,283,060	5.6	3,283,060	5.5	0	0.0	3,350,531	5.7	3,350,531	5.5	0	0.0
Cash Fund	4000045	18,676,892	34.4	20,558,800	35.1	20,558,800	35.0	21,933,104	36.5	0	0.0	20,558,800	34.9	22,984,868	37.5	0	0.0
Total Funds		54,258,801	100.0	58,629,864	100.0	58,811,525	100.0	60,170,829	100.0	0	0.0	58,878,996	100.0	61,290,064	100.0	0	0.0
Excess Appropriation/(Funding)		(34,954,665)		(34,954,665)		(34,954,665)		(34,954,665)		0		(34,954,665)		(34,954,665)		0	
Grand Total		19,304,136		23,675,199		23,856,860		25,216,164		0		23,924,331		26,335,399		0	

No Executive Recommendation made on these appropriations.

Natural Resources Leasing (Appropriation 084) is not requested for the new biennium. The Land Department has requested to reallocate this appropriation to Delinquent Tax - Cash (Appropriation B28).

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	41	7	48	0	14.58 %	45	38	7	45	0	15.56 %	45	40	5	45	0	11.11 %

Appropriation Summary

Appropriation: 006 - Operations

Funding Sources: HSC - State Central Services

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,816,772	2,354,070	2,354,070	2,471,763	2,471,763	0	2,528,594	2,528,594	0
#Positions		38	45	45	45	45	0	45	45	0
Extra Help	5010001	10,395	40,000	40,000	40,000	40,000	0	40,000	40,000	0
#Extra Help		1	5	5	5	5	0	5	5	0
Personal Services Matching	5010003	547,863	631,329	668,786	695,297	695,297	0	705,937	705,937	0
Operating Expenses	5020002	65,815	66,000	66,000	66,000	66,000	0	66,000	66,000	0
Conference & Travel Expenses	5050009	8,348	10,000	10,000	10,000	10,000	0	10,000	10,000	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		2,449,193	3,101,399	3,138,856	3,283,060	3,283,060	0	3,350,531	3,350,531	0
Funding Sources										
State Central Services	4000035	2,449,193	3,101,399		3,283,060	3,283,060	0	3,350,531	3,350,531	0
Total Funding		2,449,193	3,101,399		3,283,060	3,283,060	0	3,350,531	3,350,531	0
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		2,449,193	3,101,399		3,283,060	3,283,060	0	3,350,531	3,350,531	0

No Executive Recommendation on this appropriation.

Appropriation Summary

Appropriation: 084 - Natural Resources Leasing

Funding Sources: SSR - Severed Resources Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	14,982	15,000	15,000	15,000	0	0	15,000	0	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	14,982	15,000	15,000	15,000	0	0	15,000	0	0
Funding Sources									
Special Revenue 4000030	14,982	15,000		15,000	0	0	15,000	0	0
Total Funding	14,982	15,000		15,000	0	0	15,000	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	14,982	15,000		15,000	0	0	15,000	0	0

No Executive Recommendation on this appropriation.

APPROPRIATION NOT REQUESTED FOR THE 2009-2011 BIENNIUM. The Land Department has requested to reallocate this appropriation to Delinquent Tax - Cash (Appropriation B28).

Change Level by Appropriation

Appropriation: 084 - Natural Resources Leasing

Funding Sources: SSR - Severed Resources Fund

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	15,000	0	15,000	100.0	15,000	0	15,000	100.0
C04	Reallocation	(15,000)	0	0	0.0	(15,000)	0	0	0.0

Appropriation Summary

Appropriation: A14 - Operating Expenses / Capital Outlay

Funding Sources: 117 - Commissioner of State Lands - Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Capital Outlay/Operating Exp 5900046	140,908	267,800	267,800	267,800	267,800	0	267,800	267,800	0
Total	140,908	267,800	267,800	267,800	267,800	0	267,800	267,800	0
Funding Sources									
Fund Balance 4000005	56,400	115,990		115,990	115,990	0	115,990	115,990	0
Cash Fund 4000045	200,498	267,800		267,800	267,800	0	267,800	267,800	0
Total Funding	256,898	383,790		383,790	383,790	0	383,790	383,790	0
Excess Appropriation/(Funding)	(115,990)	(115,990)		(115,990)	(115,990)	0	(115,990)	(115,990)	0
Grand Total	140,908	267,800		267,800	267,800	0	267,800	267,800	0

No Executive Recommendation on this appropriation.

Appropriation Summary

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	831,083	986,000	986,000	986,000	1,035,304	0	986,000	1,087,068	0
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	329,476	530,000	530,000	530,000	780,000	0	530,000	780,000	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Refunds/Reimbursements	5110014	194,018	275,000	275,000	275,000	350,000	0	275,000	350,000	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Deliquent Tax Remittal/Sale Refu	5900046	15,344,476	18,500,000	18,500,000	18,500,000	19,500,000	0	18,500,000	20,500,000	0
Total		16,699,053	20,291,000	20,291,000	20,291,000	21,665,304	0	20,291,000	22,717,068	0
Funding Sources										
Fund Balance	4000005	33,061,334	34,838,675		34,838,675	34,838,675	0	34,838,675	34,838,675	0
Cash Fund	4000045	18,476,394	20,291,000		20,291,000	21,665,304	0	20,291,000	22,717,068	0
Total Funding		51,537,728	55,129,675		55,129,675	56,503,979	0	55,129,675	57,555,743	0
Excess Appropriation/(Funding)		(34,838,675)	(34,838,675)		(34,838,675)	(34,838,675)	0	(34,838,675)	(34,838,675)	0
Grand Total		16,699,053	20,291,000		20,291,000	21,665,304	0	20,291,000	22,717,068	0

No Executive Recommendation on this appropriation.

Change Level by Appropriation

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

Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	20,291,000	0	20,291,000	100.0	20,291,000	0	20,291,000	100.0
C01	Existing Program	1,359,304	0	21,650,304	106.7	2,411,068	0	22,702,068	111.9
C04	Reallocation	15,000	0	21,665,304	106.8	15,000	0	22,717,068	112.0