

# COMMISSIONER OF STATE LANDS

## Enabling Laws

Act 75 of 2010

Constitution of Arkansas, Article 6

Constitution of Arkansas, Amendment 37 (repealed) Amendment 56

## History and Organization

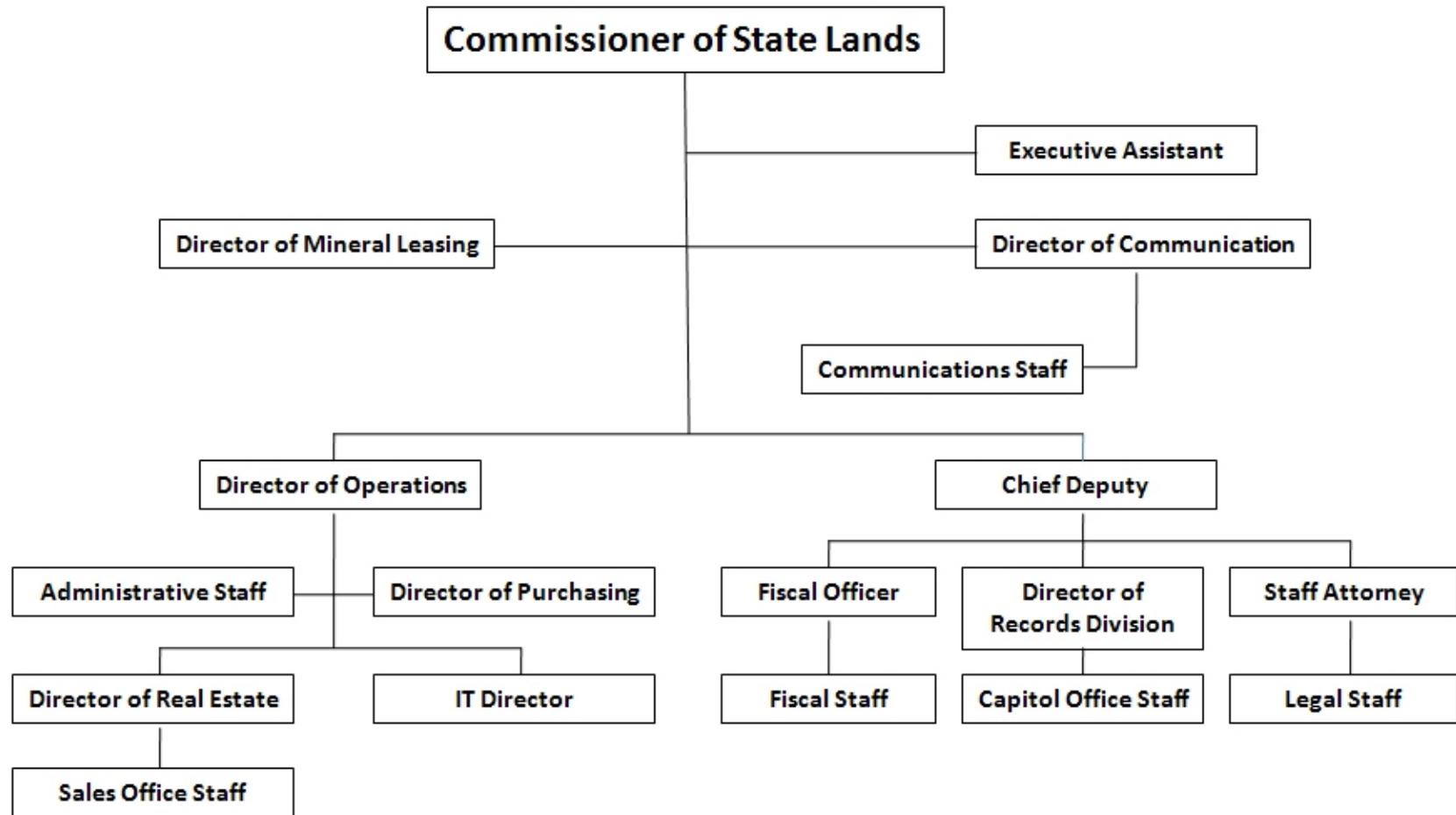
The Commissioner of State Lands is an elected official serving a four-year term of office. Constitutional Amendment 37, approved by the voters in 1946, established the Commissioner of State Lands as one of Arkansas' seven popularly elected constitutional officers.

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 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.

The Commissioner of State Lands is requesting additional appropriation of \$10 million in Fiscal Year 2012 and \$5 million in Fiscal Year 2013 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. The increase in the actual dollars refunded is due to multiple sale years being refunded in one year. These actions are being taken to comply with A.C.A. 26-37-203, decreasing the litigation period of a tax delinquent sale, and A.C.A. 26-37-205, decreasing the escrow period of excess funds from a tax delinquent sale. This increase will be funded by revenues generated by the Commissioner of State Lands office and not general revenue funds.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS STATE LAND DEPARTMENT  
FOR THE YEAR ENDED JUNE 30, 2008

Findings	Recommendations
None	None

## **Employment Summary**

	Male	Female	Total	%
White Employees	11	22	33	92 %
Black Employees	1	2	3	8 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			3	8 %
Total Employees			36	100 %

## **Cash Fund Balance Description as of June 30, 2010**

Fund Account	Balance	Type	Location
1170100	\$27,000,000	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 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 mechanism to return taxes to counties, payment of recording fees, return excess proceeds of land sales to former owners, ongoing expenses of the office, etc.

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Fund Account	Balance	Type	Location
1170100	\$18,169,714	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 mechanism 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, 2010

Fund Account	Balance	Type	Location
1170100-1000	\$500,000	CD	Bank of Augusta
	\$250,000	CD	Bank of Brinkley
	\$1,000,000	CD	Bank of England
	\$4,000,000	CD	Centennial Bank
	\$1,000,000	CD	Chambers Bank
	\$1,000,000	CD	Cornerstone Bank
	\$500,000	CD	El Dorado First Financial Bank
	\$500,000	CD	Farmers & Merchants Bk Stuttgart
	\$1,000,000	CD	Farmers and Merchants Bank
	\$2,000,000	CD	Farmer's Bank & Trust
	\$500,000	CD	Farmers Bank Greenwood
	\$1,000,000	CD	Fidelity Nat'l Bank W. Mphs
	\$1,000,000	CD	First Nat'l Bank of 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 Nat'l Bank Rogers
	\$2,250,000	CD	First Security Bank
	\$500,000	CD	First Service Bank Greenbrier
	\$1,000,000	CD	Liberty Bank
	\$1,000,000	CD	Metropolitan Natl. Bank
	\$1,500,000	CD	National Bank of Arkansas
	\$500,000	CD	One Bank & Trust
	\$500,000	CD	Petit Jean State Bank
	\$1,000,000	CD	Pine Bluff National Bank
	\$500,000	CD	Sheridan Peoples Bank
	\$1,500,000	CD	Summit Bank

## 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	2009-2010		2010-2011		2010-2011		2011-2012						2012-2013					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
006 Operations	2,559,172	38	3,368,552	45	3,350,531	45	3,369,323	45	3,369,323	45	0	0	3,369,323	45	3,369,323	45	0	0
A14 Operating Expenses / Capital Outlay	162,191	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	18,032,661	0	22,717,068	0	22,717,068	0	22,717,068	0	32,717,068	0	0	0	22,717,068	0	27,717,068	0	0	0
<b>Total</b>	<b>20,754,024</b>	<b>38</b>	<b>26,353,420</b>	<b>45</b>	<b>26,335,399</b>	<b>45</b>	<b>26,354,191</b>	<b>45</b>	<b>36,354,191</b>	<b>45</b>	<b>0</b>	<b>0</b>	<b>26,354,191</b>	<b>45</b>	<b>31,354,191</b>	<b>45</b>	<b>0</b>	<b>0</b>

Funding Sources		%		%		%		%		%		%		%		%		
Fund Balance 4000005	38,246,239	58.0	45,169,714	61.2			47,452,646	62.4	47,452,646	62.4	0	0.0	49,735,578	63.5	39,735,578	58.1	0	0.0
State Central Services 4000035	2,559,172	3.9	3,368,552	4.6			3,369,323	4.4	3,369,323	4.4	0	0.0	3,369,323	4.3	3,369,323	4.9	0	0.0
Cash Fund 4000045	25,118,327	38.1	25,267,800	34.2			25,267,800	33.2	25,267,800	33.2	0	0.0	25,267,800	32.2	25,267,800	37.0	0	0.0
<b>Total Funds</b>	<b>65,923,738</b>	<b>100.0</b>	<b>73,806,066</b>	<b>100.0</b>			<b>76,089,769</b>	<b>100.0</b>	<b>76,089,769</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>78,372,701</b>	<b>100.0</b>	<b>68,372,701</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
Excess Appropriation/(Funding)	(45,169,714)		(47,452,646)				(49,735,578)		(39,735,578)		0		(52,018,510)		(37,018,510)		0	
<b>Grand Total</b>	<b>20,754,024</b>		<b>26,353,420</b>				<b>26,354,191</b>		<b>36,354,191</b>		<b>0</b>		<b>26,354,191</b>		<b>31,354,191</b>		<b>0</b>	

No Executive Recommendation made on these appropriations.

FY11 Budget in Operations (Appropriation 006) exceeds Authorized due to matching rate adjustments during the 2009-2011 biennium.

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
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	
45	38	7	45	0	15.56 %	45	38	7	45	0	15.56 %	45	37	8	45	0	17.78 %

# 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		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	1,925,414	2,528,594	2,528,594	2,528,594	2,528,594	0	2,528,594	2,528,594	0
<b>#Positions</b>		<b>38</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>0</b>	<b>45</b>	<b>45</b>	<b>0</b>
Extra Help	5010001	10,719	40,000	40,000	40,000	40,000	0	40,000	40,000	0
<b>#Extra Help</b>		<b>2</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>0</b>	<b>5</b>	<b>5</b>	<b>0</b>
Personal Services Matching	5010003	548,539	723,958	705,937	724,729	724,729	0	724,729	724,729	0
Operating Expenses	5020002	65,309	66,000	66,000	66,000	66,000	0	66,000	66,000	0
Conference & Travel Expenses	5050009	9,191	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
<b>Total</b>		<b>2,559,172</b>	<b>3,368,552</b>	<b>3,350,531</b>	<b>3,369,323</b>	<b>3,369,323</b>	<b>0</b>	<b>3,369,323</b>	<b>3,369,323</b>	<b>0</b>
<b>Funding Sources</b>										
State Central Services	4000035	2,559,172	3,368,552		3,369,323	3,369,323	0	3,369,323	3,369,323	0
<b>Total Funding</b>		<b>2,559,172</b>	<b>3,368,552</b>		<b>3,369,323</b>	<b>3,369,323</b>	<b>0</b>	<b>3,369,323</b>	<b>3,369,323</b>	<b>0</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>2,559,172</b>	<b>3,368,552</b>		<b>3,369,323</b>	<b>3,369,323</b>	<b>0</b>	<b>3,369,323</b>	<b>3,369,323</b>	<b>0</b>

No Executive Recommendation made on this appropriation.

The FY11 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2009-2011 biennium.

## 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	2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Capital Outlay/Operating Exp 5900046	162,191	267,800	267,800	267,800	267,800	0	267,800	267,800	0
Total	162,191	267,800	267,800	267,800	267,800	0	267,800	267,800	0
<b>Funding Sources</b>									
Fund Balance 4000005	129,453	38,204		38,204	38,204	0	38,204	38,204	0
Cash Fund 4000045	70,942	267,800		267,800	267,800	0	267,800	267,800	0
Total Funding	200,395	306,004		306,004	306,004	0	306,004	306,004	0
Excess Appropriation/(Funding)	(38,204)	(38,204)		(38,204)	(38,204)	0	(38,204)	(38,204)	0
Grand Total	162,191	267,800		267,800	267,800	0	267,800	267,800	0

No Executive Recommendation made 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		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	907,888	1,087,068	1,087,068	1,087,068	1,087,068	0	1,087,068	1,087,068	0
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	507,748	780,000	780,000	780,000	780,000	0	780,000	780,000	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Refunds/Reimbursements	5110014	246,405	350,000	350,000	350,000	350,000	0	350,000	350,000	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Deliquent Tax Remittal/Sale Refu	5900046	16,370,620	20,500,000	20,500,000	20,500,000	30,500,000	0	20,500,000	25,500,000	0
<b>Total</b>		<b>18,032,661</b>	<b>22,717,068</b>	<b>22,717,068</b>	<b>22,717,068</b>	<b>32,717,068</b>	<b>0</b>	<b>22,717,068</b>	<b>27,717,068</b>	<b>0</b>
<b>Funding Sources</b>										
Fund Balance	4000005	38,116,786	45,131,510		47,414,442	47,414,442	0	49,697,374	39,697,374	0
Cash Fund	4000045	25,047,385	25,000,000		25,000,000	25,000,000	0	25,000,000	25,000,000	0
<b>Total Funding</b>		<b>63,164,171</b>	<b>70,131,510</b>		<b>72,414,442</b>	<b>72,414,442</b>	<b>0</b>	<b>74,697,374</b>	<b>64,697,374</b>	<b>0</b>
Excess Appropriation/(Funding)		(45,131,510)	(47,414,442)		(49,697,374)	(39,697,374)	0	(51,980,306)	(36,980,306)	0
<b>Grand Total</b>		<b>18,032,661</b>	<b>22,717,068</b>		<b>22,717,068</b>	<b>32,717,068</b>	<b>0</b>	<b>22,717,068</b>	<b>27,717,068</b>	<b>0</b>

No Executive Recommendation made on this appropriation.

## Change Level by Appropriation

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

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>22,717,068</b>	<b>0</b>	<b>22,717,068</b>	<b>100.0</b>	<b>22,717,068</b>	<b>0</b>	<b>22,717,068</b>	<b>100.0</b>
C01	Existing Program	10,000,000	0	32,717,068	144.0	5,000,000	0	27,717,068	122.0