

# LAND DEPARTMENT

## Enabling Laws

Act 1582 of 2003

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Constitution of Arkansas, Amendment 37 (repealed) Amendment 56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.

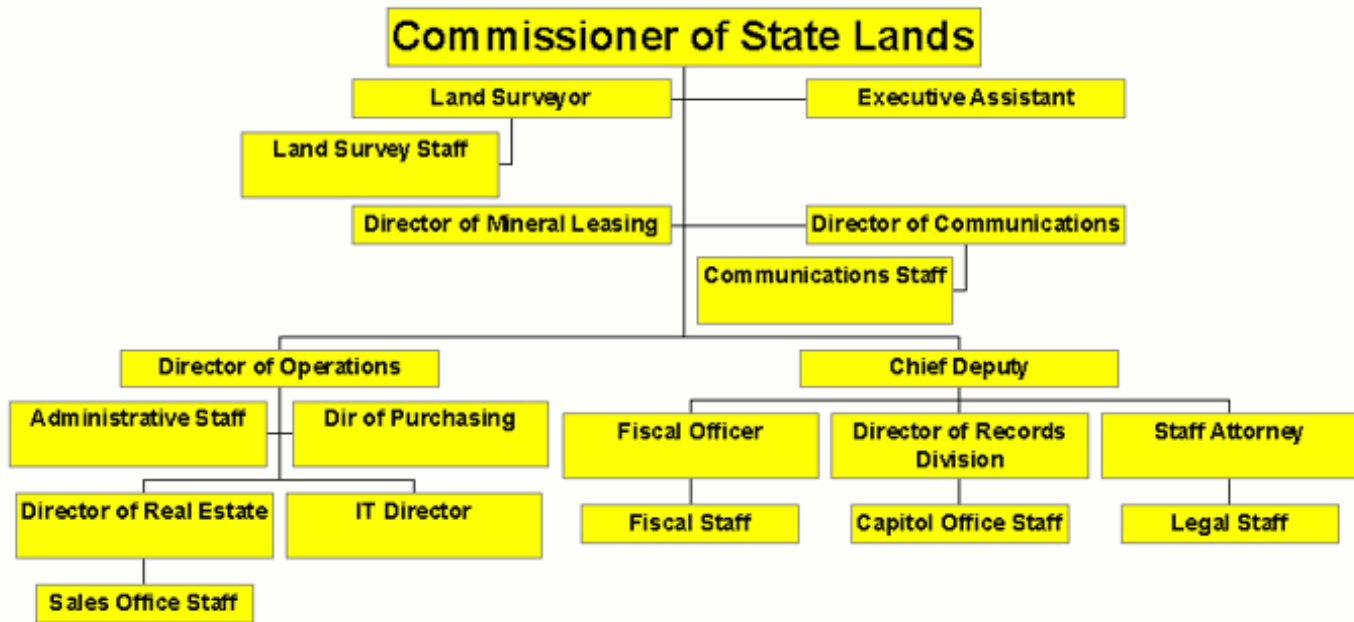
One of the major responsibilities of the Commissioner of State Lands is to return to private ownership those lands that have been certified to the state for non-payment of *ad valorem* real estate taxes. The procedure used is outlined in Act 626 of 1983, as amended. Essentially, this is accomplished 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 60 leases for oil and gas rights, as well as 34 sand and gravel permits and 3 brine leases within the state.

The Commissioner of State Lands office houses the office of the State Land Surveyor and files all surveys conducted statewide. They retain original patent records, copies of survey plats and field survey notes. The office provides duplicates of these documents upon request. Statements indicating the original landowner (patent holder) and whether the state of Arkansas has any claim on the property are also issued to interested parties.

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 to collect the delinquent taxes prior to offering parcels for public auction. Approximately 85% 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 \$137 million from the redemption and sale of tax delinquent property, with less than 15% of those dollars derived from the actual sale of the property.

Aggressive attempts to notify delinquent owners before and after the sale of tax delinquent lands has resulted in a 24% increase in redemptions and an additional \$3.2 million in collections. In addition Act 1376 of 2003 requires the Commissioner of State Lands to give actual notice to delinquent homestead owners. Accordingly there has been a substantial increase in recording fees, title reports, actual service and postage. Therefore the Commissioner of State Lands is requesting additional monies for these fees. The increase will be funded by revenues generated by the Commissioner of State Lands office and not general revenue funds.

During the 2001 Legislative Session, the State Land Survey Division was transferred in its entirety to the Commissioner of State Lands office. At the time of the transfer the budget for that Division had not been evaluated for many years. Specifically, the funds allotted to meet the statutory requirements of the remonumentation program are out of line with current industry and professional guidelines. The fees paid to participating surveyors have not been increased since 1976.

Additionally, there are currently 37 counties without High Accuracy Reference Network reference points. These points are necessary to not only to surveyors and landowners but also county assessors and the Arkansas Geographic Information Office. The fund increase is requested from 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 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 and the Arkansas Supreme Court has increased sharply. Competent representation at the appellate level is both time intensive and requires highly developed research and briefing expertise.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
ARKANSAS STATE LAND DEPARTMENT  
FOR THE YEAR ENDED JUNE 30, 2003

Findings	Recommendations
<p>The Agency failed to establish effective internal controls over equipment. After the change in administration in January 2003, a complete equipment inventory was conducted by the new administration. Upon completion of the inventory, it was determined that fifteen (15) equipment items totaling \$38,150 could not be located. The previous administration was unable to provide information on the missing equipment. After a thorough search for the missing equipment, the items were deleted from the equipment inventory. The lack of adequate internal controls over equipment has placed assets at risk.</p>	<p>Establish effective controls over equipment.</p>

## **Employment Summary**

	Male	Female	Total	%
White Employees	12	25	37	92 %
Black Employees	1	2	3	8 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			3	8 %
Total Employees			40	100 %

## Cash Fund Balance Description as of June 30, 2004

Fund Account	Balance	Type	Location
1170000	\$15,000,000	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 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	\$8,165,442	Checking	US Bank, Little Rock

### 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.

## 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 / Program Summary

Historical Data						Agency Request and Executive Recommendation								
Appropriation / Program	2003-2004		2004-2005		2004-2005		2005-2006				2006-2007			
	Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Agency	Pos	Executive	Pos
006 Operations	2,356,925	53	2,730,464	53	2,730,464	48	3,174,324	48	0	0	3,255,181	48	0	0
084 Natl Resrc Leasing	370	0	15,000	0	15,000	0	15,000	0	0	0	15,000	0	0	0
A14 Opr Exp/Capital Outl	252,325	0	267,800	0	267,800	0	267,800	0	0	0	267,800	0	0	0
B28 Delinquent Tax-Cash	14,353,849	0	15,181,000	0	15,181,000	0	17,216,000	0	0	0	17,216,000	0	0	0
<b>Total</b>	<b>16,963,469</b>	<b>53</b>	<b>18,194,264</b>	<b>53</b>	<b>18,194,264</b>	<b>48</b>	<b>20,673,124</b>	<b>48</b>	<b>0</b>	<b>0</b>	<b>20,753,981</b>	<b>48</b>	<b>0</b>	<b>0</b>

Funding Sources			%		%		%		%		%		%	
Fund Balance	4000005	23,537,174	57.8	23,761,014	56.6		23,761,014	53.5	0	0.0	23,761,014	53.4	0	0.0
Special Revenue	4000030	370	0.0	15,000	0.0		15,000	0.0	0	0.0	15,000	0.0	0	0.0
State Central Services	4000035	2,356,925	5.8	2,730,464	6.5		3,174,324	7.1	0	0.0	3,255,181	7.3	0	0.0
Cash Fund	4000045	14,830,014	36.4	15,448,800	36.9		17,483,800	39.4	0	0.0	17,483,800	39.3	0	0.0
Total Funds		40,724,483	100.0	41,955,278	100.0		44,434,138	100.0	0	0.0	44,514,995	100.0	0	0.0
Excess Appropriation/(Funding)		(23,761,014)		(23,761,014)			(23,761,014)		0		(23,761,014)		0	
Grand Total		16,963,469		18,194,264			20,673,124		0		20,753,981		0	

No Executive Recommendation made on these Appropriations.

## Appropriation / Program Summary

**Appropriation / Program:** 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		
	2003-2004 Actual	2004-2005 Budget	2004-2005 Authorized	2005-2006			2006-2007		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	1,734,282	2,046,677	2,046,677	2,275,553	2,278,761	0	2,342,011	2,345,223	0
<b>#Positions</b>	<b>48</b>	<b>48</b>	<b>48</b>	<b>48</b>	<b>48</b>	<b>0</b>	<b>48</b>	<b>48</b>	<b>0</b>
Extra Help 5010001	18,929	40,000	40,000	40,000	40,000	0	40,000	40,000	0
<b>#Extra Help</b>	<b>5</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	468,857	507,824	507,824	681,434	682,129	0	695,828	696,524	0
Operating Expenses 5020002	83,607	84,122	84,122	84,122	84,122	0	84,122	84,122	0
Travel-Conference Fees 5050009	12,157	12,312	12,312	12,312	12,312	0	12,312	12,312	0
Professional Fees and Services 5060010	37,500	37,529	37,529	37,529	75,000	0	37,529	75,000	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	1,593	2,000	2,000	0	2,000	0	0	2,000	0
<b>Total</b>	<b>2,356,925</b>	<b>2,730,464</b>	<b>2,730,464</b>	<b>3,130,950</b>	<b>3,174,324</b>	<b>0</b>	<b>3,211,802</b>	<b>3,255,181</b>	<b>0</b>
<b>Funding Sources</b>									
State Central Services 4000035	2,356,925	2,730,464		3,130,950	3,174,324	0	3,211,802	3,255,181	0
Total Funding	2,356,925	2,730,464		3,130,950	3,174,324	0	3,211,802	3,255,181	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	2,356,925	2,730,464		3,130,950	3,174,324	0	3,211,802	3,255,181	0

## Change Level by Appropriation

**Appropriation / Program:** 006-Operations

**Funding Sources:** HSC - State Central Services

### Agency Request

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>3,130,950</b>	<b>48</b>	<b>3,130,950</b>	<b>100.0</b>	<b>3,211,802</b>	<b>48</b>	<b>3,211,802</b>	<b>100.0</b>
C01	Existing Program	39,471	0	3,170,421	101.2	39,471	0	3,251,273	101.2
C15	Ex Salary Increase	3,903	0	3,174,324	101.3	3,908	0	3,255,181	101.3



## Appropriation / Program Summary

**Appropriation / Program:** 084 Natl Resrc Leasing  
**Funding Sources:** SSR - Severed Resources Fund

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2003-2004	2004-2005	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	370	15,000	15,000	15,000	15,000	0	15,000	15,000	0
Travel-Conference Fees 5050009	0	0	0	0	0	0	0	0	0
Professional Fees and Services 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>370</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>0</b>	<b>15,000</b>	<b>15,000</b>	<b>0</b>
<b>Funding Sources</b>									
Special Revenue 4000030	370	15,000		15,000	15,000	0	15,000	15,000	0
<b>Total Funding</b>	<b>370</b>	<b>15,000</b>		<b>15,000</b>	<b>15,000</b>	<b>0</b>	<b>15,000</b>	<b>15,000</b>	<b>0</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>370</b>	<b>15,000</b>		<b>15,000</b>	<b>15,000</b>	<b>0</b>	<b>15,000</b>	<b>15,000</b>	<b>0</b>

## **Appropriation / Program Summary**

**Appropriation / Program:** A14 Opr Exp/Capital Outl  
**Funding Sources:** 117 - Commissioner of State Lands - Cash/Capital Outlay

### **Historical Data**

### **Agency Request and Executive Recommendation**

Commitment Item	2003-2004	2004-2005	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	102,695	0	0	0	0	0	0	0	0
Capital Outlay 5120011	149,630	267,800	267,800	267,800	267,800	0	267,800	267,800	0
<b>Total</b>	<b>252,325</b>	<b>267,800</b>	<b>267,800</b>	<b>267,800</b>	<b>267,800</b>	<b>0</b>	<b>267,800</b>	<b>267,800</b>	<b>0</b>
<b>Funding Sources</b>									
Fund Balance 4000005	2,340	16,040		16,040	16,040	0	16,040	16,040	0
Cash Fund 4000045	266,025	267,800		267,800	267,800	0	267,800	267,800	0
<b>Total Funding</b>	<b>268,365</b>	<b>283,840</b>		<b>283,840</b>	<b>283,840</b>	<b>0</b>	<b>283,840</b>	<b>283,840</b>	<b>0</b>
Excess Appropriation/(Funding)	(16,040)	(16,040)		(16,040)	(16,040)	0	(16,040)	(16,040)	0
<b>Grand Total</b>	<b>252,325</b>	<b>267,800</b>		<b>267,800</b>	<b>267,800</b>	<b>0</b>	<b>267,800</b>	<b>267,800</b>	<b>0</b>

Appropriation is authorized to use a single line item for both Operating Expenses and Capital Outlay.

## Appropriation / Program Summary

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2003-2004	2004-2005	2004-2005	2005-2006			2006-2007		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	985,556	986,000	986,000	986,000	986,000	0	986,000	986,000	0
Travel-Conference Fees 5050009	0	0	0	0	0	0	0	0	0
Professional Fees and Services 5060010	29,716	30,000	30,000	30,000	30,000	0	30,000	30,000	0
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Refund/Reimbursements 5110014	164,960	165,000	165,000	165,000	200,000	0	165,000	200,000	0
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Delinquent Tax Remittal/Sale Ref5900046	13,173,617	14,000,000	14,000,000	14,000,000	16,000,000	0	14,000,000	16,000,000	0
<b>Total</b>	<b>14,353,849</b>	<b>15,181,000</b>	<b>15,181,000</b>	<b>15,181,000</b>	<b>17,216,000</b>	<b>0</b>	<b>15,181,000</b>	<b>17,216,000</b>	<b>0</b>
<b>Funding Sources</b>									
Fund Balance 4000005	23,534,834	23,744,974		23,744,974	23,744,974	0	23,744,974	23,744,974	0
Cash Fund 4000045	14,563,989	15,181,000		15,181,000	17,216,000	0	15,181,000	17,216,000	0
<b>Total Funding</b>	<b>38,098,823</b>	<b>38,925,974</b>		<b>38,925,974</b>	<b>40,960,974</b>	<b>0</b>	<b>38,925,974</b>	<b>40,960,974</b>	<b>0</b>
Excess Appropriation/(Funding)	(23,744,974)	(23,744,974)		(23,744,974)	(23,744,974)	0	(23,744,974)	(23,744,974)	0
<b>Grand Total</b>	<b>14,353,849</b>	<b>15,181,000</b>		<b>15,181,000</b>	<b>17,216,000</b>	<b>0</b>	<b>15,181,000</b>	<b>17,216,000</b>	<b>0</b>

## Change Level by Appropriation

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

### Agency Request

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>15,181,000</b>	<b>0</b>	<b>15,181,000</b>	<b>100.0</b>	<b>15,181,000</b>	<b>0</b>	<b>15,181,000</b>	<b>100.0</b>
C01	Existing Program	2,035,000	0	17,216,000	113.4	2,035,000	0	17,216,000	113.4