

# COMMISSIONER OF STATE LANDS

## Enabling Laws

Act 209 of 2012

Constitution of Arkansas, Article 6

Constitution of Arkansas, Amendment 37 (repealed) Amendment 56

## History and Organization

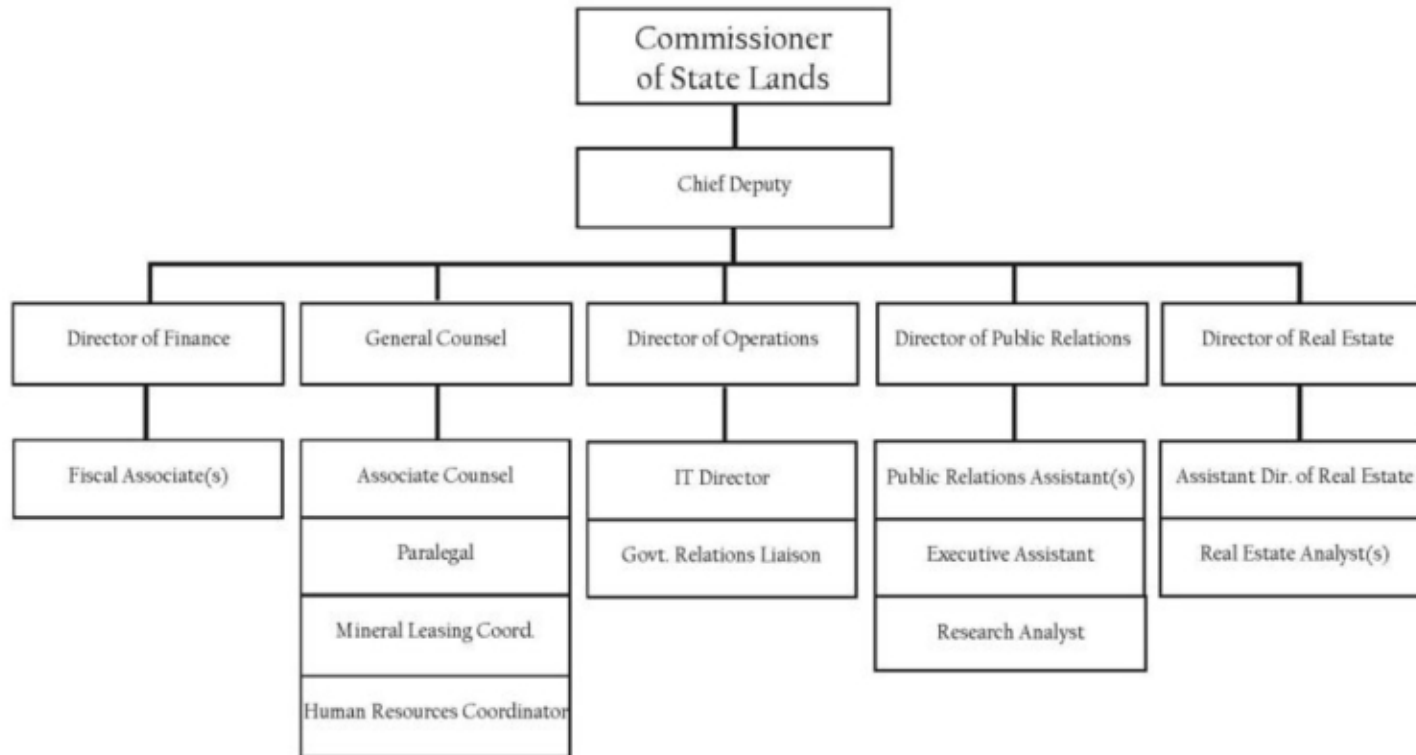
The Commissioner of State Lands is an elected official serving a four-year term of office. Constitutional Amendment 37, approved by the voters in 1946, established the Commissioner of State Lands as one of Arkansas' seven popularly elected constitutional officers.

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 leases for oil and gas rights, as well as sand and gravel permits and 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.



## 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 by personal 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 \$205 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 \$25,981 in Fiscal Year 2014 and \$52,583 in Fiscal Year 2015 from cash funds for operations to properly notify tax delinquent individuals in compliance with United States Supreme Court Case *Jones v. Flowers*. This agency is requesting a 2.39% (10 year average Consumer Price Index) increase for FY14 and another 2.39% for FY15. Since Fiscal Year 2006 this agency has only increased this line item (Maintenance and Operations) 5% in Fiscal Year 2010 and 5% in Fiscal year 2011. The increase in the price of postage coupled with the increase in delinquent parcels certified has diminished this agency's appropriation. This request is to bring the current line item appropriation for expected expenditures needed into the next biennium. These expenses are reimbursed back, via revenue, to the agency upon redemption of the parcel by the taxpayer. 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, 2010

Findings

Recommendations

None

None

## State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012

None

### Employment Summary

	Male	Female	Total	%
White Employees	16	21	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, 2012

Fund Account	Balance	Type	Location
1170100	\$11,750,000	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	\$23,755,840	Checking	First Security Bank

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, 2012

Fund Account	Balance	Type	Location
1170100-1000	\$1,000,000	CD	Bank of Augusta
	\$250,000	CD	Bank of Brinkley
	\$1,000,000	CD	Bank of England
	\$1,000,000	CD	Chambers Bank
	\$2,500,000	CD	Farmers and Merchants Bank
	\$1,500,000	CD	Farmer's Bank & Trust
	\$1,000,000	CD	Fidelity National Bank
	\$1,000,000	CD	First Financial Bank
	\$500,000	CD	First Security Bank
	\$2,000,000	CD	Pine Bluff National 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	2011-2012		2012-2013		2012-2013		2013-2014						2014-2015					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
006 Operations	2,812,978	38	3,594,609	45	3,499,489	45	3,606,212	45	3,606,212	45	0	0	3,606,212	45	3,606,212	45	0	0
A14 Operating Expenses / Capital Outlay	46,775	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	29,903,974	0	27,717,068	0	27,717,068	0	27,717,068	0	27,743,049	0	0	0	27,717,068	0	27,769,651	0	0	0
<b>Total</b>	<b>32,763,727</b>	<b>38</b>	<b>31,579,477</b>	<b>45</b>	<b>31,484,357</b>	<b>45</b>	<b>31,591,080</b>	<b>45</b>	<b>31,617,061</b>	<b>45</b>	<b>0</b>	<b>0</b>	<b>31,591,080</b>	<b>45</b>	<b>31,643,663</b>	<b>45</b>	<b>0</b>	<b>0</b>

Funding Sources		%		%		%		%		%		%		%		%		%
Fund Balance 4000005	47,149,776	69.1	35,505,840	55.4			32,453,772	53.2	32,453,772	53.2	0	0.0	29,375,723	50.8	29,375,723	50.7	0	0.0
State Central Services 4000035	2,812,978	4.1	3,594,609	5.6			3,606,212	5.9	3,606,212	5.9	0	0.0	3,606,212	6.2	3,606,212	6.2	0	0.0
Cash Fund 4000045	18,306,813	26.8	24,932,800	38.9			24,906,819	40.9	24,932,800	40.9	0	0.0	24,880,217	43.0	24,932,800	43.1	0	0.0
<b>Total Funds</b>	<b>68,269,567</b>	<b>100.0</b>	<b>64,033,249</b>	<b>100.0</b>			<b>60,966,803</b>	<b>100.0</b>	<b>60,992,784</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>	<b>57,862,152</b>	<b>100.0</b>	<b>57,914,735</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
Excess Appropriation/(Funding)	(35,505,840)		(32,453,772)				(29,375,723)		(29,375,723)		0		(26,271,072)		(26,271,072)		0	
<b>Grand Total</b>	<b>32,763,727</b>		<b>31,579,477</b>				<b>31,591,080</b>		<b>31,617,061</b>		<b>0</b>		<b>31,591,080</b>		<b>31,643,663</b>		<b>0</b>	

No Executive Recommendation made on these appropriations.

## Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
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	37	8	45	0	17.78 %	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		Historical Data			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	2,087,686	2,636,876	2,636,876	2,636,876	2,636,876	0	2,636,876	2,636,876	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	9,783	40,000	40,000	40,000	40,000	0	40,000	40,000	0
<b>#Extra Help</b>		<b>1</b>	<b>1</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	639,524	841,733	746,613	853,336	853,336	0	853,336	853,336	0
Operating Expenses	5020002	65,997	66,000	66,000	66,000	66,000	0	66,000	66,000	0
Conference & Travel Expenses	5050009	9,988	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>2,812,978</b>	<b>3,594,609</b>	<b>3,499,489</b>	<b>3,606,212</b>	<b>3,606,212</b>	<b>0</b>	<b>3,606,212</b>	<b>3,606,212</b>	<b>0</b>
<b>Funding Sources</b>										
State Central Services	4000035	2,812,978	3,594,609		3,606,212	3,606,212	0	3,606,212	3,606,212	0
<b>Total Funding</b>		<b>2,812,978</b>	<b>3,594,609</b>		<b>3,606,212</b>	<b>3,606,212</b>	<b>0</b>	<b>3,606,212</b>	<b>3,606,212</b>	<b>0</b>
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>2,812,978</b>	<b>3,594,609</b>		<b>3,606,212</b>	<b>3,606,212</b>	<b>0</b>	<b>3,606,212</b>	<b>3,606,212</b>	<b>0</b>

No Executive Recommendation made on this appropriation.

## 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			2013-2014			2014-2015		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Capital Outlay/Operating Exp 5900046	46,775	267,800	267,800	267,800	267,800	0	267,800	267,800	0
Total	46,775	267,800	267,800	267,800	267,800	0	267,800	267,800	0
<b>Funding Sources</b>									
Fund Balance 4000005	28,517	193,211		193,211	193,211	0	193,211	193,211	0
Cash Fund 4000045	211,469	267,800		267,800	267,800	0	267,800	267,800	0
Total Funding	239,986	461,011		461,011	461,011	0	461,011	461,011	0
Excess Appropriation/(Funding)	(193,211)	(193,211)		(193,211)	(193,211)	0	(193,211)	(193,211)	0
Grand Total	46,775	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		2011-2012	2012-2013	2012-2013	2013-2014			2014-2015		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	979,178	1,087,068	1,087,068	1,087,068	1,113,049	0	1,087,068	1,139,651	0
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	608,437	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	304,983	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	28,011,376	25,500,000	25,500,000	25,500,000	25,500,000	0	25,500,000	25,500,000	0
<b>Total</b>		<b>29,903,974</b>	<b>27,717,068</b>	<b>27,717,068</b>	<b>27,717,068</b>	<b>27,743,049</b>	<b>0</b>	<b>27,717,068</b>	<b>27,769,651</b>	<b>0</b>
<b>Funding Sources</b>										
Fund Balance	4000005	47,121,259	35,312,629		32,260,561	32,260,561	0	29,182,512	29,182,512	0
Cash Fund	4000045	18,095,344	24,665,000		24,639,019	24,665,000	0	24,612,417	24,665,000	0
<b>Total Funding</b>		<b>65,216,603</b>	<b>59,977,629</b>		<b>56,899,580</b>	<b>56,925,561</b>	<b>0</b>	<b>53,794,929</b>	<b>53,847,512</b>	<b>0</b>
Excess Appropriation/(Funding)		(35,312,629)	(32,260,561)		(29,182,512)	(29,182,512)	0	(26,077,861)	(26,077,861)	0
<b>Grand Total</b>		<b>29,903,974</b>	<b>27,717,068</b>		<b>27,717,068</b>	<b>27,743,049</b>	<b>0</b>	<b>27,717,068</b>	<b>27,769,651</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		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>27,717,068</b>	<b>0</b>	<b>27,717,068</b>	<b>100.0</b>	<b>27,717,068</b>	<b>0</b>	<b>27,717,068</b>	<b>100.0</b>
C01	Existing Program	25,981	0	27,743,049	100.1	52,583	0	27,769,651	100.2