

COMMISSIONER OF STATE LANDS

Enabling Laws

Act 129 of 2014
Constitution of Arkansas, Article 6
Constitution of Arkansas, Amendment 56

History and Organization

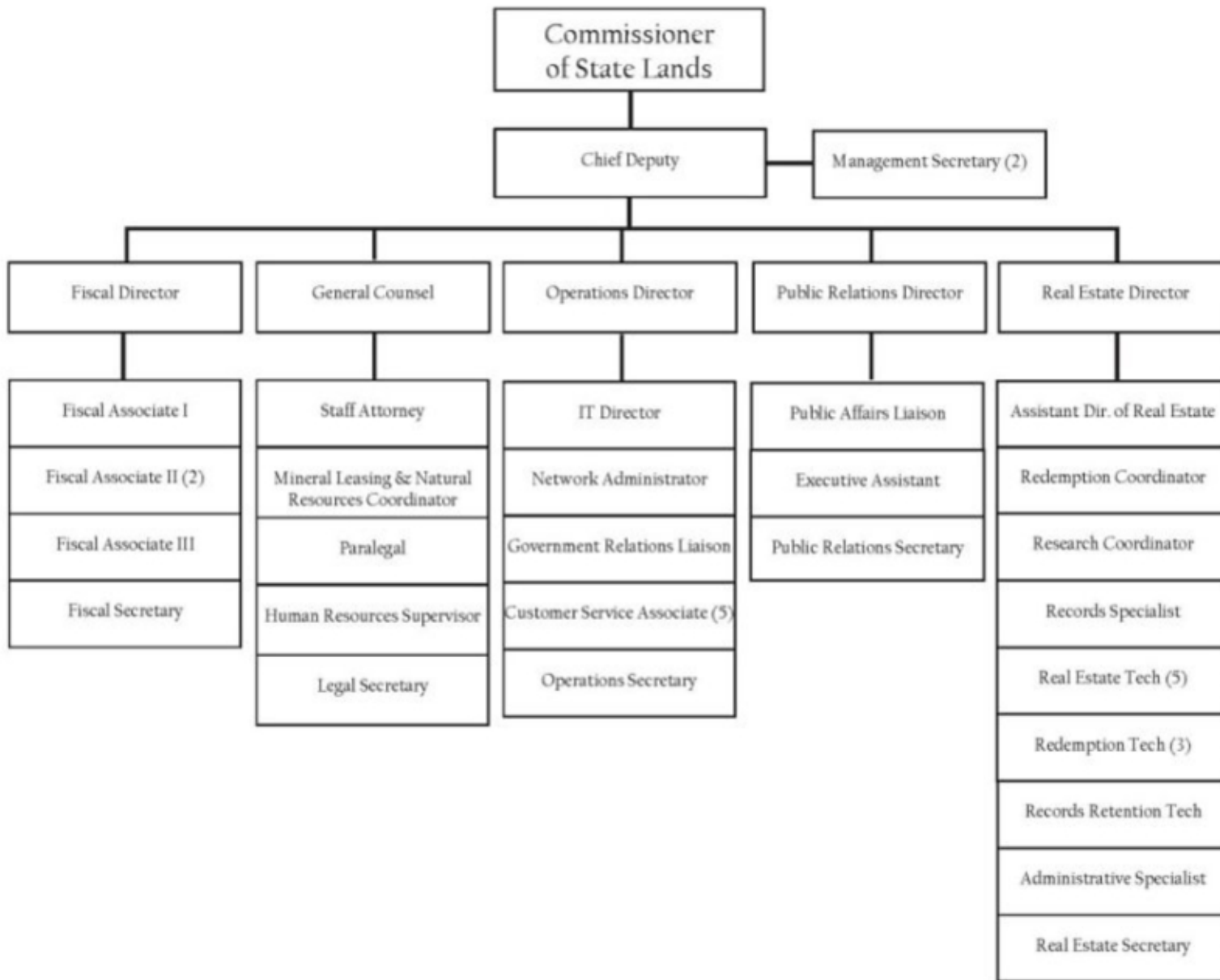
The Commissioner of State Lands is an elected official serving a four-year term of office. Constitutional Amendment 37, approved by the voters in 1946, established the Commissioner of State Lands as one of Arkansas' seven popularly elected constitutional officers.

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 10-day redemption period following the sale. Since the implementation of Act 626 of 1983 the Commissioner of State Lands office has collected over \$259 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 \$34,190 in Fiscal Year 2016 and \$69,405 in Fiscal Year 2017 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 3% (2.4% is 10 year average Consumer Price Index) increase for FY16 and another 3% for FY17. The Commissioner of State Lands office is also requesting the increase in Professional Fees and Services from cash funds of \$970,000 for FY16 and FY17. This is to continue come in line with the funds already approved by PEER committee for Fiscal Years 2014 and 2015. This appropriation allows the office to conduct title research on all delinquent parcels to find all interested parties at time of public auction. These expenses are reimbursed back, via revenue, to the agency upon redemption of the parcel by the tax payer. Additionally, the Commissioner of State Lands office is requesting an additional appropriation of \$7,500,000.00 for Fiscal Year 2016 and 2017 in cash funds to Refunds/Reimbursements. This is also in line with funds requested through PEER committee for fiscal years 2014 and 2015. This request allows the Commissioner of State Lands office to return the funds being held in agency funds to the counties in which they are due. Finally, the Commissioner of State Lands office is requesting an initial appropriation of \$250,000.00 in cash funds for implementation of duties related to the administration of islands and submerged lands. This request will allow the Commissioner of State Lands office to comply with Act 552 of 2013. These increases will be funded from revenues generated by the Commissioner of State Lands office and not general revenue funds. These request are to bring the current line item appropriations for expected expenditures needed into the next biennium.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS STATE LAND DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2013

Findings

Recommendations

None

None

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	13	21	34	87 %
Black Employees	1	2	3	8 %
Other Racial Minorities	1	1	2	5 %
Total Minorities			5	13 %
Total Employees			39	100 %

Cash Fund Balance Description as of June 30, 2014

Fund Account	Balance	Type	Location
1170100	\$23,250,000	CDs	Various

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.

Fund Account	Balance	Type	Location
1170100	\$16,631,931	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, 2014**

Fund Account	Balance	Type	Location
1170100-1000	\$500,000	CD	Bank of Augusta
	\$500,000	CD	Bank of Augusta
	\$250,000	CD	Bank of Brinkley
	\$500,000	CD	Bank of Delight
	\$500,000	CD	Chambers Bank
	\$500,000	CD	Cornerstone Bank
	\$500,000	CD	Cornerstone Bank
	\$500,000	CD	Cornerstone Bank
	\$500,000	CD	Cornerstone Bank
	\$500,000	CD	Cornerstone Bank
	\$500,000	CD	Cornerstone Bank
	\$500,000	CD	Cornerstone Bank
	\$500,000	CD	Cornerstone Bank
	\$500,000	CD	Cornerstone Bank
	\$500,000	CD	Cross County Bank
	\$500,000	CD	Farmers Bank and Trust
	\$500,000	CD	Farmers Bank and Trust
	\$500,000	CD	Farmers Bank and Trust
	\$500,000	CD	Farmers Bank and Trust
	\$500,000	CD	Farmers Bank and Trust
	\$500,000	CD	Farmers Bank and Trust
	\$500,000	CD	Farmers Bank and Trust
	\$500,000	CD	Farmers Bank and Trust
	\$500,000	CD	Farmers Bank and Trust
	\$500,000	CD	Farmers Bank and Trust
	\$500,000	CD	Farmers Bank and Trust
	\$500,000	CD	First Financial Bank
	\$500,000	CD	First National Bank of Wynne
	\$500,000	CD	First State Bank of DeQueen
	\$500,000	CD	First State Bank of DeQueen
	\$500,000	CD	First State Bank of DeQueen

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016						2016-2017					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
006 Operations	2,870,746	45	3,671,518	45	3,671,518	45	3,698,681	45	3,671,810	45	0	0	3,698,681	45	3,671,810	45	0	0
A14 Operating Expenses / Capital Outlay	95,278	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	31,023,658	0	27,769,651	0	27,769,651	0	27,769,651	0	36,298,841	0	0	0	27,769,651	0	36,334,056	0	0	0
C75 Islands/Submerged Lands	0	0	50,000	0	0	0	0	0	250,000	0	0	0	0	0	250,000	0	0	0
F74 Adopt a Document	0	0	250,000	0	250,000	0	250,000	0	250,000	0	0	0	250,000	0	250,000	0	0	0
Total	33,989,682	45	32,008,969	45	31,958,969	45	31,986,132	45	40,738,451	45	0	0	31,986,132	45	40,773,666	45	0	0

Funding Sources		%		%		%		%		%		%		%		%		
Fund Balance 4000005	36,984,162	50.1	39,881,932	55.5			39,881,932	55.5	39,881,932	55.3	0	0.0	39,881,932	55.5	31,352,742	49.3	0	0.0
State Central Services 4000035	2,870,746	3.9	3,671,518	5.1			3,698,681	5.1	3,671,810	5.1	0	0.0	3,698,681	5.1	3,671,810	5.8	0	0.0
Cash Fund 4000045	34,016,706	46.0	28,337,451	39.4			28,287,451	39.4	28,537,451	39.6	0	0.0	28,287,451	39.4	28,537,451	44.9	0	0.0
Total Funds	73,871,614	100.0	71,890,901	100.0			71,868,064	100.0	72,091,193	100.0	0	0.0	71,868,064	100.0	63,562,003	100.0	0	0.0
Excess Appropriation/(Funding)	(39,881,932)		(39,881,932)				(39,881,932)		(31,352,742)		0		(39,881,932)		(22,788,337)		0	
Grand Total	33,989,682		32,008,969				31,986,132		40,738,451		0		31,986,132		40,773,666		0	

No Executive Recommendation made on this appropriation.

Budget exceeds Authorized Appropriation in (B28) Delinquent Tax - Cash and (C75) Islands/Summerged Lands dur to transfers from the Cash Fund Holding Account.

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
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	40	5	45	0	11.11 %	45	45	0	45	0	0.00 %	45	45	0	45	0	0.00 %

Appropriation Summary

Appropriation: 006 - Operations

Funding Sources: HSC - State Central Services

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	2,061,087	2,689,619	2,689,619	2,716,490	2,689,619	0	2,716,490	2,689,619	0
#Positions		45	45	45	45	45	0	45	45	0
Extra Help	5010001	22,074	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	711,634	865,899	865,899	866,191	866,191	0	866,191	866,191	0
Operating Expenses	5020002	65,996	66,000	66,000	66,000	66,000	0	66,000	66,000	0
Conference & Travel Expenses	5050009	9,955	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		2,870,746	3,671,518	3,671,518	3,698,681	3,671,810	0	3,698,681	3,671,810	0
Funding Sources										
State Central Services	4000035	2,870,746	3,671,518		3,698,681	3,671,810	0	3,698,681	3,671,810	0
Total Funding		2,870,746	3,671,518		3,698,681	3,671,810	0	3,698,681	3,671,810	0
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		2,870,746	3,671,518		3,698,681	3,671,810	0	3,698,681	3,671,810	0

No Executive Recommendation made on this appropriation.

Change Level by Appropriation

Appropriation: 006 - Operations

Funding Sources: HSC - State Central Services

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	3,698,681	45	3,698,681	100.0	3,698,681	45	3,698,681	100.0
C10	Reclass	(26,871)	0	3,671,810	99.3	(26,871)	0	3,671,810	99.3

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			2015-2016			2016-2017		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Capital Outlay/Operating Exp 5900046	95,278	267,800	267,800	267,800	267,800	0	267,800	267,800	0
Total	95,278	267,800	267,800	267,800	267,800	0	267,800	267,800	0
Funding Sources									
Fund Balance 4000005	72,384	77,107		77,107	77,107	0	77,107	77,107	0
Cash Fund 4000045	100,001	267,800		267,800	267,800	0	267,800	267,800	0
Total Funding	172,385	344,907		344,907	344,907	0	344,907	344,907	0
Excess Appropriation/(Funding)	(77,107)	(77,107)		(77,107)	(77,107)	0	(77,107)	(77,107)	0
Grand Total	95,278	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		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	1,105,974	1,139,651	1,139,651	1,139,651	1,173,841	0	1,139,651	1,209,056	0
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	775,995	780,000	780,000	780,000	1,750,000	0	780,000	1,750,000	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Refunds/Reimbursements	5110014	292,742	350,000	350,000	350,000	375,000	0	350,000	375,000	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Deliquent Tax Remittal/Sale Refu	5900046	28,848,947	25,500,000	25,500,000	25,500,000	33,000,000	0	25,500,000	33,000,000	0
Total		31,023,658	27,769,651	27,769,651	27,769,651	36,298,841	0	27,769,651	36,334,056	0
Funding Sources										
Fund Balance	4000005	36,911,778	39,804,825		39,804,825	39,804,825	0	39,804,825	31,275,635	0
Cash Fund	4000045	33,916,705	27,769,651		27,769,651	27,769,651	0	27,769,651	27,769,651	0
Total Funding		70,828,483	67,574,476		67,574,476	67,574,476	0	67,574,476	59,045,286	0
Excess Appropriation/(Funding)		(39,804,825)	(39,804,825)		(39,804,825)	(31,275,635)	0	(39,804,825)	(22,711,230)	0
Grand Total		31,023,658	27,769,651		27,769,651	36,298,841	0	27,769,651	36,334,056	0

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		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	27,769,651	0	27,769,651	100.0	27,769,651	0	27,769,651	100.0
C01	Existing Program	8,529,190	0	36,298,841	130.7	8,564,405	0	36,334,056	130.8

Appropriation Summary

Appropriation: C75 - Islands/Submerged Lands

Funding Sources: 117 - Commissioner of State Lands - Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2013-2014	2014-2015	2014-2015	2015-2016			2016-2017		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Submerged Lands 5900046	0	50,000	0	0	250,000	0	0	250,000	0
Total	0	50,000	0	0	250,000	0	0	250,000	0
Funding Sources									
Cash Fund 4000045	0	50,000		0	250,000	0	0	250,000	0
Total Funding	0	50,000		0	250,000	0	0	250,000	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	50,000		0	250,000	0	0	250,000	0

No Executive Recommendation made on this appropriation.

Budget exceeds Authorized Appropriation due to a transfer from the Cash Fund Holding Account.

Change Level by Appropriation

Appropriation: C75 - Islands/Submerged Lands

Funding Sources: 117 - Commissioner of State Lands - Cash

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
C01	Existing Program	250,000	0	250,000	100.0	250,000	0	250,000	100.0

Appropriation Summary

Appropriation: F74 - Adopt a Document

Funding Sources: 117 - Commissioner of State Lands - Cash

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2015-2016			2016-2017		
	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Adopt a Document Program Expe 5900046	0	250,000	250,000	250,000	250,000	0	250,000	250,000	0
Total	0	250,000	250,000	250,000	250,000	0	250,000	250,000	0
Funding Sources									
Cash Fund 4000045	0	250,000		250,000	250,000	0	250,000	250,000	0
Total Funding	0	250,000		250,000	250,000	0	250,000	250,000	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	250,000		250,000	250,000	0	250,000	250,000	0

No Executive Recommendation made on this appropriation.