

Stricken language would be deleted from and underlined language would be added to present law.  
Act 821 of the Regular Session

State of Arkansas  
95th General Assembly  
Regular Session, 2025

As Engrossed: H4/3/25

## A Bill

HOUSE BILL 1937

By: Representative Jean  
By: Senators Stone, Caldwell

### For An Act To Be Entitled

AN ACT TO AMEND THE METHOD OF VALUATION FOR MINERAL RIGHTS UNDER ARKANSAS CONSTITUTION, ARTICLE 16, § 5; TO CLARIFY THE METHOD OF VALUATION FOR OIL AND GAS WELL PRODUCTION EQUIPMENT; TO PROVIDE FOR CONSISTENCY AND UNIFORMITY IN VALUATION; AND FOR OTHER PURPOSES.

### Subtitle

TO AMEND THE METHOD OF VALUATION FOR MINERAL RIGHTS UNDER ARKANSAS CONSTITUTION, ARTICLE 16, § 5; AND TO CLARIFY THE METHOD OF VALUATION FOR OIL AND GAS WELL PRODUCTION EQUIPMENT.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. DO NOT CODIFY. Legislative intent.

The General Assembly intends for this act to:

- (1) Be remedial; and
- (2) Clarify the law.

SECTION 2. Arkansas Code § 26-26-1110(a), concerning the valuation of mineral rights for purposes of property taxes, is amended to read as follows:

(a)(1) As used in this section:

(A) “~~Oil well~~ Well” means a producing unit well or well that produces:

- (i) Only liquid hydrocarbons;
- (ii) Liquid hydrocarbons associated with the



production of gas; ~~or~~

(iii) Gas associated with the production of liquid hydrocarbons;

(iv) Natural gas; or

(v) Any combination of oil, gas, and other hydrocarbons; and

(B) "Production equipment" means all piping and other equipment of ~~an oil~~ a well from the bottom of the casing to and including the sales valve at the tank battery or sales meter.

(2) The county assessor shall assess all producing mineral interests in the county.

(3)(A) The county assessor shall assess the mineral interests in the land separate from the fee simple interest in the land when the:

(i) Mineral interests in the land are held by one (1) or more persons that are different from the person or persons holding the fee simple interest; and

(ii) County assessor is advised of the separate holdings by the recording of a deed in the county recorder's office.

(B) When subdivision (a)(3)(A) of this section applies, a sale of the mineral interests for nonpayment of taxes shall not affect the title to the land itself, nor shall a sale of the land for nonpayment of taxes affect the title to the mineral interests.

(4)(A) The county assessor shall assess all production equipment as real property.

(B)(i) Except as stated under subdivision (a)(4)(B)(ii) of this section, when assessing the value of production equipment, the county assessor shall assess the production equipment at a value of one dollar (\$1.00) per foot.

(ii) Any portion of the casing in a well that has been rendered inoperable for producing oil or gas by a cement or mechanical plug shall not be subject to taxation.

(5) If ~~an oil~~ a well reported production in a prior year and reports an annual increase in average daily production, the annual increase in average daily production shall be assessed as newly discovered property only if the annual increase in average daily production is solely attributable to new production from a geologic zone or horizon that was not

produced in a prior year from the existing ~~oil~~ well.

(6)(A) In calculating the working interest-assessed value of ~~an~~ oil a well, the county assessor shall apply a uniform expense allowance per barrel of oil or one thousand (1,000) cubic feet of gas produced without regard to the average daily production of the ~~oil~~ well.

(B) The expense allowance under subdivision (a)(6)(A) of this section shall be based as nearly as practicable on actual expenses per barrel of oil or one thousand (1,000) cubic feet of gas produced.

(7) In assessing the value of ~~an oil a~~ well based on an income approach, the income shall be based on the actual average price per barrel of oil or one thousand (1,000) cubic feet of gas in Arkansas during the immediately preceding calendar year.

(8) All formulas, valuation tables, and guidance that are published or provided to the county assessors by the Assessment Coordination Division to be used in the valuation and appraisal of mineral rights for ad valorem tax purposes shall comply with the requirements of this section.

*SECTION 3. EFFECTIVE DATE. Section 2 of this act is effective for assessment years beginning on or after January 1, 2025.*

*/s/Jean*

**APPROVED: 4/17/25**