State of Arkansas
92nd General Assembly
Regular Session, 2019

A Bill

SENATE BILL 645

By: Senator B. Ballinger

For An Act To Be Entitled

AN ACT CONCERNING SUBURBAN IMPROVEMENT DISTRICTS AND REAL PROPERTY; AND FOR OTHER PURPOSES.

Subtitle

CONCERNING SUBURBAN IMPROVEMENT DISTRICTS AND REAL PROPERTY.

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

SECTION 1. DO NOT CODIFY. Findings.

The General Assembly finds that:

(1) The Supreme Court holding in Pulaski County v. Carriage Creek Property Owners Improvement District, 319 Ark. 12, 888 S.W.2d 652 (1994), addressed and clarified real property issues within a property owners' improvement district;

(2) The findings of the court can be applied to suburban improvement districts to give the districts the ability to gain control of real property that otherwise provides no revenue for the district or local municipalities; and

(3) This act will help stabilize the real estate market in suburban improvement districts and encourage growth by providing the suburban improvement districts an opportunity to convey the real property to an individual or entity which, in turn, will generate revenue in assessments for the suburban improvement districts and will generate revenue in ad valorem taxes for the county in which the real property lies.

SECTION 2. Arkansas Code § 14-92-232 is amended to read as follows:

14-92-232. Payment of taxes — Enforcement.

(a) All taxes levied under the terms of this subchapter shall be payable at the same time as ad valorem real property taxes.

(b) Delinquent suburban improvement district assessments shall be held by the county collector, and, if not redeemed, the assessments shall be certified to the Commissioner of State Lands for redemption or sale, pursuant to ~~Act 626 of 1983~~ Acts 1983, No. 626, as amended.

(c) A suburban improvement district may enforce collection of delinquent suburban improvement district assessments by ~~chancery~~ proceedings in the ~~chancery~~ circuit court of the county in the manner as provided for municipal property owners' improvement districts under § 14-94-122.

(d) The Commissioner of State Lands may negotiate the redemption and sale of any real property certified to the Commissioner of State Lands by a suburban improvement district even if the certified real property is titled in the name of the suburban improvement district.

(e) Real property titled in the name of a suburban improvement district and established under this chapter is public property.

(f) Real property titled in the name of a suburban improvement district established under this chapter is held exclusively for a public purpose if:

(1) The suburban improvement district acquires title to the real property through foreclosure, quitclaim deed, gift, bequest, or arms-length transaction; and

(2) The suburban improvement district is not using the real property in a proprietary manner.

(g) A suburban improvement district uses real property in a proprietary manner if:

(1) The suburban improvement district intends to sell the real property for an amount that exceeds the value of the assessments lost on the real property since the suburban improvement district was established;

(2) The suburban improvement district intends to lease the real property for a period of time in an amount that exceeds the value of the assessments lost on the real property since the suburban improvement district was established; or

(3) The suburban improvement district intends to use the real property in a manner to generate income and revenue solely for the benefit of

the suburban improvement district.

(h) A suburban improvement district is not using real property in a proprietary manner if the proceeds of the use of the real property are intended to replace the:

(1) Value of the lost assessments of the suburban improvement district; or

(2) Costs, fees, and expenses paid by the suburban improvement district in obtaining title to the real property in the name of the suburban improvement district.

(i) Real property titled in the name of a suburban improvement district and established under this chapter is exempt from the assessment of ad valorem taxes in the county in which the real property is located and shall be removed from the tax rolls upon application from the suburban improvement district that states under oath the suburban improvement district does not intend to use the real property titled in its name in a proprietary manner as described in subsections (g) and (h) of this section.